ROGERS CANTEL

ANNUAL REPORT

wake-up call 19:98

The call came in 1997. Overnight, Canada was a four-choice wireless world. And Rogers Cantel was not adequately prepared for the new competitive reality. But we heard the call. During 1998, we made the changes that were needed to almost every aspect of our operations. Products and pricing. Cost structures and customer care. Management and mindset. For four consecutive quarters during the year our results confirmed our strategies. Customer satisfaction was improved. Subscriptions were up. Subscriber costs were down. And value became the name of the game. For the two million Canadians who today prefer Rogers Cantel to any competing wireless network, value is about having it all: easier, simpler, bigger, broader, and better. And the best is yet to come.

ROGERS CANTEL MOBILE COMMUNICATIONS INC.

ROGERS CANTEL MOBILE COMMUNICATIONS INC. is Canada's largest national wireless telecommunications company offering subscribers a broad spectrum of wireless products and services. It is currently the only company in Canada licensed to provide cellular, Digital PCS, Paging and wireless data services nationwide. Rogers Cantel's seamless cellular network covers over 81% of the population in "digital" mode and 93% of the Canadian population in "analog" mode. This coverage also extends throughout the United States to include coverage of well over 90% of the U.S. population through its strategic alliance with AT&T and other Rogers Cantel roaming partners. Rogers Cantel has over 1.7 million cellular and Digital PCS subscribers and over 256,000 paging subscribers.

CELLULAR service made up 84% of Rogers Cantel's revenue and 98% of operating income in 1998. At the end of the year, 70% of customers were using analog cellular service and 30% were using digital (dual-mode or dual-band/dual-mode) service. All services were marketed under the co-brand, Cantel† AT&T†.

PAGING is one of Canada's largest paging operations with more than 256,000 subscribers. Rogers Cantel continues to focus its paging operations on the consumer segment, which represents the fastest growing segment in the industry. In order to ensure success within this target market, the business has established the largest paging retail distribution in the country with its products and services being offered in over 1,200 locations nationally.

WIRELESS DATA operates a Mobitex™ mobile packet-switched data network in all major urban centres across Canada. This provides customers with digital wireless connectivity for many applications including e-mail, point-of-sale, remote data collection (meter reading, alarm monitoring, asset tracking) and two-way messaging. The Cantel AT&T two-way messaging service Interactive Messaging, is the latest and most advanced service operating on the Mobitex™ network. This service provides users with the ability to send and receive e-mail or text messages from a device that fits in the palm of a user's hand.

CANTEL AT&T ROGERS CANTEL

ROGERS COMMUNICATIONS INC.

ROGERS COMMUNICATIONS INC. is a diversified public Canadian communications company engaged in cellular and other forms of wireless communications services; cable television and video retailing; publishing and radio and television broadcasting.

ROGERS CABLESYSTEMS LIMITED is Canada's largest cable television service provider with over 2.2 million customers in Toronto, Ottawa, Vancouver, and Southwestern Ontario. Cablesystems also provides high-speed Internet access and operates 212 video stores primarily in markets where it offers cable television service.

ROGERS CANTEL MOBILE COMMUNICATIONS INC. is Canada's largest national wireless telecommunications company offering cellular, Digital PCS, paging and Interactive Messaging and Wireless data services.

ROGERS MEDIA INC. comprises 20 radio stations, a televised home shopping channel, a multicultural television station in Toronto, ownership interest in three cable programming services, 16 consumer magazines, 45 business periodicals, directories and information products, and a new media division.

CANTEL AT&T ROGERS @ Home ROGERS Communications Inc. ROGERS VIDEO

ROGERS Cablesystems CHFI FM98 Toronto's perfect music mix 680News ALL NEWS RADIO CHATELAINE L'actualité

cfmt television system tSc The Shopping Channel Maclean's LITE96CHFM Calgary's Variety Station Vancouver's 97·KISS·FM

1998 HIGHLIGHTS

- Rogers Cantel ended the year with over 525,000 Digital PCS subscribers, an increase of 285,000 from the prior year-end.
- Rogers Cantel was the first Canadian company to offer prepaid cellular service with the launch in June 1998 of Pay As You Go. Rogers Cantel was also the first carrier in the world to offer universal access to its network through Pay As You Go service.
- At December 31, 1998 Rogers Cantel had over 120,000 Pay As You Go customers.
- Rogers Cantel introduced both simplified long-distance plans and unique North American and Canadian one-rate plans. Digital One Rate plans leverage the Company's relationship with AT&T to provide North American-wide service at one low cost minute rate, eliminating roaming fees, long-distance charges and time restrictions to the customer.
- Rogers Cantel realigned its organization from a central to a regional structure in order to have all customer-facing functions handled by regional operations.
- A cost reduction programme was implemented that reduced operating costs through the simplification of current business processes.

KEY STATISTICS

($ in millions of dollars)	1998	1997
Revenue	$ 1,243	$ 1,241
Operating profit[1]	$ 386	$ 386
Operating profit[1] margin	31.0%	31.1%
Capital expenditures	$ 301	$ 605
Cellular / PCS Statistics:		
Subscribers	1,737,600	1,552,100
Subscribers to population served	6.44%	5.50%
Average monthly revenue per subscriber	$ 54	$ 59
Average monthly usage per subscriber (minutes)	202	213
Average monthly churn	1.90%	1.63%
Switches	20	19
Cell sites	1,584	1,462
Radio channels installed	43,700	41,100
Analog coverage to population	93%	93%
Digital coverage to population	81%	81%
Paging Statistics:		
Paging subscribers	256,400	253,600

(1) Operating income before provision for restructuring and asset writedowns (in the 1997 results), and depreciation and amortization.

1998 HIGHLIGHTS

- CABLE extended tier penetration on their most recently launched 16 channel MeTV tier to over 50% by year-end.
- CABLE television homes with two-way capability represented 78% of homes passed by cable plant at December 31, 1998.
- CABLE ended 1998 with 54,200 Rogers@Home high-speed Internet access customers, an increase of 42,300 from December 31, 1997.
- MEDIA'S revenue increased 18.8% and operating profit increased 21.5% from strong financial performance at The Shopping Channel and robust advertising.
- MEDIA'S publishing division added to its portfolio through several acquisitions and new product launches.
- MEDIA'S broadcasting division reached agreement to acquire three radio stations in Ottawa/Smith Falls, subject to CRTC approval.
- MEDIA'S Shopping Channel had revenue growth of 40.0%.
- NEW MEDIA'S investment in launching and developing consumer Internet properties continued, with the expansion of Quicken Financial Network® Canada and launch of Electric Library and Bid.com in 1998.

Quicken Financial Network® Canada is a trademark and service mark of Intuit Inc., registered in the United States and other countries, and used by Rogers Media Inc. under licence.

KEY STATISTICS

($ in millions of dollars)	1998	1997
Revenue	$ 2,839	$ 2,695
Operating profit[1]	$ 855	$ 814
Operating profit[1] margin	30.1%	30.2%
Capital expenditures	$ 658	$ 980
Cable homes passed	2,778,700	2,764,700
Basic cable subscribers	2,237,200	2,243,700
Basic cable to homes passed	80.5%	81.2%
Cable homes 2-way ready	2,168,300	1,446,600
Cable homes to Cable homes 2-way	78.0%	52.3%
Cable pay TV households	171,800	197,100
Cable tier penetration	88.2%	88.8%
Internet access subscribers	54,200	11,900
Video stores	212	195
Publishing – Advertising pages	22,700	19,400
Shopping Channel – items shipped	2,169,000	1,550,800

(1) Operating income before provision for restructuring and asset writedowns (in the 1997 results), and depreciation and amortization.

easier

⇨ DAVID WEXLER
7:20 AM

"PAY AS YOU GO OFFERS ME THE FLEXIBILITY I NEED. IT'S EASY TO PICK UP A CARD. THERE ARE NO LONG-DISTANCE CHARGES. AND IT'S REALLY HANDY WHEN I'M TRAVELLING." *It's never been easier to be a Rogers Cantel customer. We've matched new, lower-priced, easy-to-understand calling options to the needs of every subscriber, from occasional users who want prepaid air-time to power users who need unbeatable economical continent-wide roaming. Furthermore, customer service is faster, more courteous, and more responsive. Billing is straightforward and understandable. And phones, pagers, and accessories can now be purchased at thousands of convenient locations. Being a Rogers Cantel customer is now the way it ought to be. Easy.*

simpler

➩ ANITA DIFLORIO

11:15 AM

"I LIKE ALL THE BELLS AND WHISTLES ON MY PHONE. WITH ROGERS CANTEL, I GET THE DIGITAL FEATURES I WANT PLUS THE RIGHT AMOUNT OF AIR TIME, FOR ONE LOW PRICE." Wireless customers don't want complications. So Rogers Cantel has simplified almost everything. Our plans. Our products. Our policies. Our customers can now choose monthly plans, contracts are no longer required. We've adopted flat-rate long-distance charges. Pay As You Go enables customers to buy only the calling minutes they need and use any phone they like, old or new. And with our Digital One Rate program, you can call anywhere in North America to anywhere else in North America for one low price per minute. No one but Rogers Cantel makes it that simple.

bigger

SHERYAR WAHID
1:45 PM

"TWO-WAY MESSAGING MEANS OUR DRIVERS GET THE EXACT INSTRUCTIONS RELAYED FROM OUR CUSTOMERS. AND NOBODY ELSE HAS ROGERS CANTEL'S NATIONAL DATA NETWORK REACH." When it comes to wireless communications, bigger is decidedly better. For years, Rogers Cantel has invested in Canada's largest and highest-quality digital and analog voice networks, as well as paging and data networks. And the investment is paying off for our customers. We offer more telephone choices, greater digital coverage nationwide, and products the competition just can't touch, like interactive messaging with e-mail capability. Through thousands of points of distribution, we are truly located almost everywhere Canadians live, work, and shop. With Rogers Cantel, you simply get more. So why settle for anything less?


bro

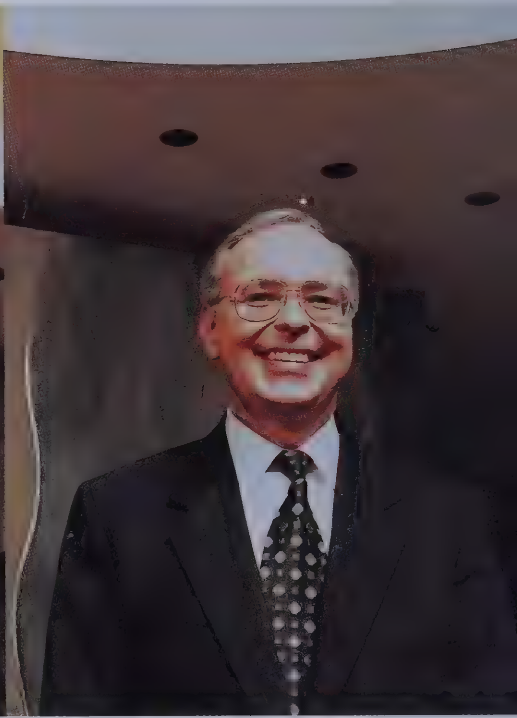
JASON CRAIG

4:35 PM

"ROGERS CANTEL'S DIGITAL COVERAGE AREA IS PHENOMENAL. MY BATTERIES LAST LONGER, AND THE DIGITAL FEATURES ARE AVAILABLE ALMOST EVERYWHERE I GO. WITH ROGERS CANTEL'S ONE RATE PLANS, LONG-DISTANCE AND ROAMING CHARGES ARE A THING OF THE PAST." With digital coverage within reach of over 81% of Canadians and analog coverage reaching 93%, we operate the country's only true coast-to-coast network. Our valuable alliance with AT&T extends that coverage throughout the United States. So coverage restrictions and high roaming charges are not a concern. And no matter where you are, you have full use of the digital features you count on – caller I.D., text and e-mail messaging, and security. No other Canadian wireless carrier can offer the same broad reach and reliable coverage. With Rogers Cantel, you get what you pay for.


better
PAMELA ALEXANDER
6:10 PM
"I TRAVEL ON BUSINESS ALL THE TIME. WITH ROGERS CANTEL, I CAN USE MY PHONE ANYWHERE IN NORTH AMERICA AS IF I'M CALLING A BLOCK AWAY FROM HOME." Quality counts. Not only is the Rogers Cantel wireless network Canada's most comprehensive, but independent tests have shown that our TDMA digital network rates significantly higher than competing systems for voice quality. We continue to invest in network integrity. In 1998, powerful authentication tools were installed that counter the growing problem of fraud. And no one is as far ahead in wireless data. Today: e-mails via your pager and wireless point-of-sale terminals. Tomorrow: geographic positioning through your phone. It's all possible with Rogers Cantel.

Charles E. Hoffman
President and
Chief Executive Officer



Robert F. Berner
Senior Vice President and
Chief Technology Officer

To Our Shareholders:

Competition in Canada's wireless communications industry is intense. Customer expectations are high. All the rules have changed. Those companies that emerge successfully will be the ones that put the most value in the hands of the most customers over the longest term. In 1998, Rogers Cantel took the necessary steps to ensure we will be one of those companies.

We are grounded on an excellent foundation. As Canada's only truly national wireless provider, we offer cellular, messaging, Digital PCS, and wireless data to our two million subscribers. Our unique 800 MHz and 1.9 GHz platforms are licensed in all markets. We offer seamless North American coverage through our valuable alliance with AT&T. We also have the broadest national sales distribution, the finest quality network infrastructure, and one of the lowest operating costs of any provider.

But that is not enough. During the past year we worked hard to lower our costs even further, increase operating income, streamline our organizational structures, and improve the many faces of Rogers Cantel that our customers see, from the service they receive, to the distributors they visit, to the products and calling plans they purchase.

In early 1998, a new management team was hired to formulate the needed changes and guide our company into the future. I have every confidence that the right people are now making the right decisions at this critical time. The evidence is everywhere throughout our operations.

Patrick J. Bennett
Executive Vice President
Sales and Operations

Dekkers L. Davidson
President
Ontario

One of our first and most difficult decisions was to reduce the work force significantly and sensibly. Our goal was to have all customer-facing functions managed by our regions while maintaining our national strength with centralized functions, such as network management. By mid-year, we had shifted our organizational strength into regional groups that are more able to make decisions rapidly while serving customers locally.

Customer care is a major focus. We committed this year to a two-year installation of a best-in-class customer care system that will provide all our call-centre operators with superior problem-solving tools and up-to-the-minute customer information. In the meantime, regular customer-satisfaction surveys conducted through the year have shown improvements in the speed and helpfulness our people are bringing to the resolution of customer calls.

Improving customer relationships means an explicit understanding of what customers want. Simplicity and value are high on the list. In 1998, we simplified our plans to be more understandable and adopted simpler flat-rate long-distance charges. We also introduced Digital One Rate, an economical calling plan that covers all of North America, whether you are calling into, within, or out of the United States or Canada. Pay As You Go was the first prepaid product in Canada and the first of its kind with universal capability – usable with any phone, Rogers Cantel or not, old or new.

Rogers Cantel net subscriber growth was declining dramatically as we entered 1998. As we made the necessary changes, the decline continued in the first quarter of the year, improved in the second and by the third quarter we were back on track. We ended the year strongly with fourth-quarter net additions

John D. Maduri
Executive Vice President
Finance and Planning and
Chief Financial Officer

William G. Gibson
President
Western Canada

increasing 63% over the prior year's fourth quarter. New prices and products were partly the reason. A renewed focus on sales and marketing also helped. With thousands of points of distribution, we are Canada's most accessible wireless company. We expanded our retail presence to Shoppers Drug Mart and Business Depot locations, among others and re-established our corporate sales force.

Our initial success with all these measures began to show in the second half of 1998. While customer growth improved steadily, important metrics like operating cost per subscriber and acquisition cost per addition both declined significantly.

These encouraging results are the first signs of a momentum we expect to continue to grow in the coming year. In fact, they are just the beginning of a major transformation in Rogers Cantel.

In 1999, revenue growth will be our highest priority, although we will continue to trim costs where appropriate and reallocate resources to operations with the greatest customer effect. We will make even greater investments in training our retail and customer-service representatives. And we will continue to enhance joint promotions and affiliations with our strategic partners: Rogers Cablesystems, Rogers Video, AT&T and others in order to provide more value to our customers.

In many ways, wireless communication is still in its infancy in Canada. Market penetration, for example, is a fraction of what has been achieved in the United States, where approximately 25% of the population carry some sort of wireless device. In Canada, only 18% of the entire population is equipped with a wireless telephone. We expect steady market growth in 1999.

Jeffery C. Locke
Senior Vice President
Marketing

Francis Fox
President
Quebec and Eastern Canada

Messaging is another growth area. Having built a Mobitex network in Canada's major cities, Rogers Cantel is now offering Canada's only two-way, interactive paging, enabling customers to retrieve and compose messages and e-mails on small, keyboard-equipped devices. This is just the beginning of a much larger market in new wireless technologies for data that will better serve both consumer and business markets.

The past year has been pivotal. The changes we have made will allow us to respond to competitive realities more flexibly, rapidly, and effectively. The coming year will be even more important as we start to see the kind of growth and shareholder return that can be expected from a company with our assets and potential.

Especially this year, the people who work at Rogers Cantel must be recognized for their creativity and determination in the face of change. They were called upon to make a radical shift – to rethink the way we do business. It is to their credit that we have turned things around so quickly and effectively. There is more work to do but we have the right people to get the job done.

CHARLES E. HOFFMAN
President and Chief Executive Officer
Rogers Cantel Mobile Communications Inc.

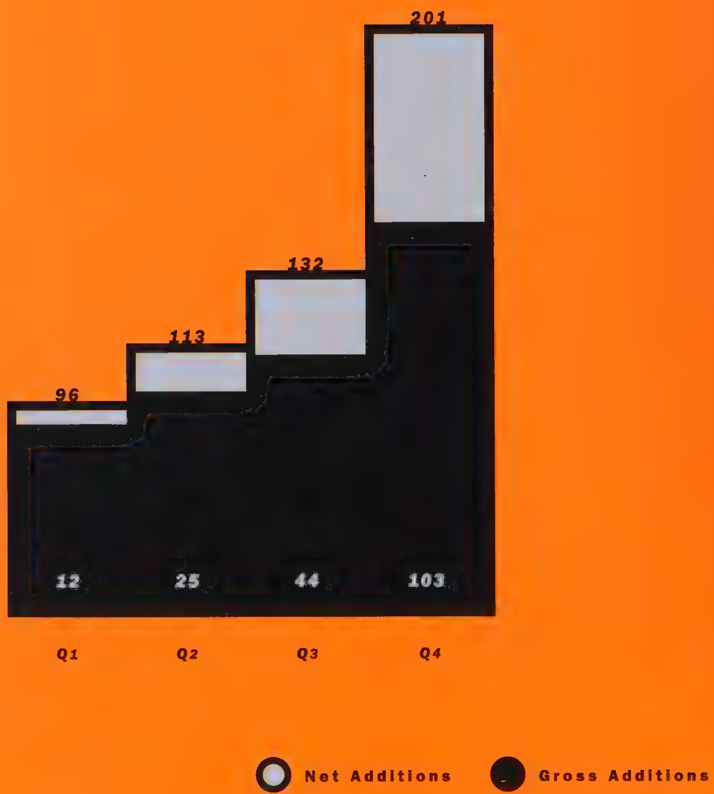
review:98

cumulative

*cellular subscribers

*Cellular and Digital PCS subscribers

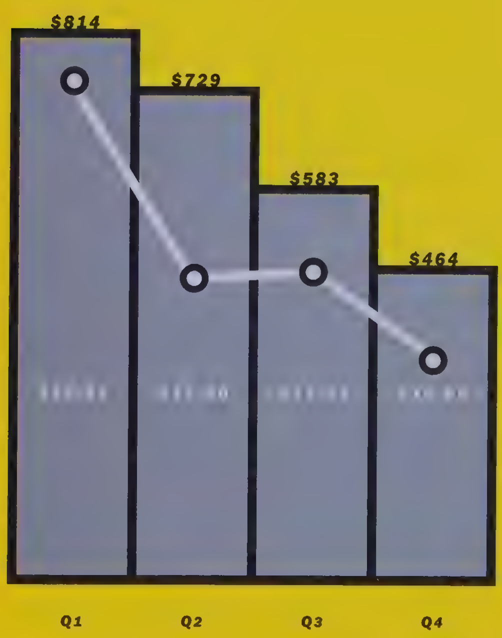
1998 cellular subscriber additions



*Cellular and Digital PCS subscribers

quarterly operating metrics

(dollars)



Sales and Marketing Cost/ Gross Cellular Addition

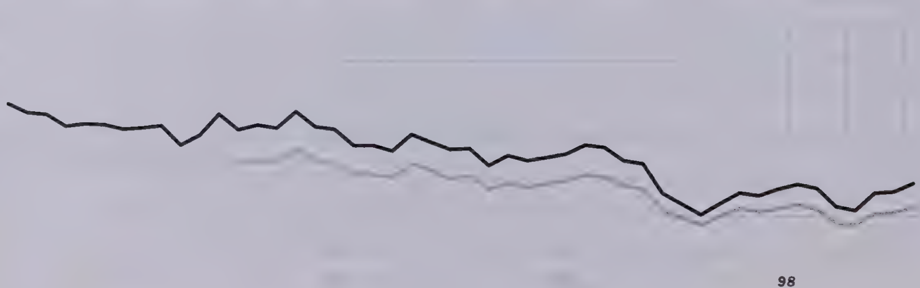
***Cellular Operating Cost/ Subscriber/Month**

*Excluding Sales and Marketing Costs

Years ended December 31 (In thousands of dollars, except per share data)	1998	
Revenue	$ 1,242,925	[illegible]
Operating profit[1]	385,622	[illegible]
Loss for year	(78,555)	[illegible]
– Under US GAAP	(188,592)	[illegible]
Loss for year	$ (0.85)	[illegible]
– Under US GAAP	(2.03)	[illegible]
Cash flow[2]	2.11	[illegible]
Cash flow from operations[2]	$ 195,709	[illegible]
Capital expenditures	$ 301,287	[illegible]
Total assets	$ 2,023,813	[illegible]
Fixed assets (net)	1,643,881	[illegible]
Long-term debt	2,237,358	[illegible]
Shareholders' deficiency	(622,929)	[illegible]

[1] Before provision for restructuring and asset writedowns (in the 1997 results), and depreciation and amortization.
[2] Cash flow from operations before changes in working capital amounts.

MONTHLY SHARE PRICES



• The Toronto Stock Exchange ($CDN) · NASDAQ ($US) · NYSE ($US)

Effective January 11, 1996, Rogers Cantel Mobile Communications Inc. delisted from the NASDAQ Stock Market and began trading on the New York Stock Exchange under the symbol RCN.

For purposes of this discussion, financial figures have been segmented into "Cellular Services" and "Other." The results of Cellular Services include both analog and Digital PCS services. Cellular Services revenue includes airtime usage, monthly basic service fees, long-distance charges, optional service charges, system access fees, and roaming charges. "Other" operating profit includes Paging Services, Wireless Data Services, and Equipment Sales. Equipment Sales includes the sale of hardware and accessories, both to Rogers Cantel's independent dealers and agents. This discussion should be read in conjunction with the detailed Consolidated Financial Statements provided on pages 40 to 60 of this report.

The following discussion contains forward-looking statements regarding the future performance of the Company. All forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking information. Please refer to "Cautionary Statement Regarding Forward-looking Information" on page 34 of this report for a further discussion.

A. OPERATIONS AND FINANCIAL REVIEW

Years ended December 31 (In thousands of dollars)	1998	1997	% change
Financial Overview			
Revenue			
Cellular Services	$ 1,045,388	$ 1,030,254	1.5%
Equipment Sales	150,639	160,510	(6.1)%
Paging and Data Services	46,898	50,565	(7.3)%
Total	$ 1,242,925	$ 1,241,329	0.1%
Operating Profit[1]			
Cellular Services	$ 379,271	$ 379,354	–
Other	6,351	7,104	(10.6)%
Total	$ 385,622	$ 386,458	(0.2)%
Operating Profit[1] as a % of Revenue			
Cellular Services	36.3%	36.8%	
Other	3.2%	3.4%	
Total	31.0%	31.1%	
Provision for restructuring and asset writedowns	$ –	$ 335,315	
Loss for the year	$ 78,555	$ 378,434	(79.2)%
Capital expenditures	$ 301,287	$ 604,675	50.2%

[1] Operating income before provision for restructuring and asset writedowns (in the 1997 results) and depreciation and amortization.

JOHN D. MADURI
Executive Vice President
Finance and Planning and Chief Financial Officer

Our 1998 initiative, to restructure and simplify Rogers Cantel's business, was successful and will continue into 1999. The resultant reduction in our operating, acquisition, and network costs will enable Rogers Cantel to leverage its revenue growth into improved margins, profitability, and cash flow.

Overview

Rogers Cantel Mobile Communications Inc. ("Rogers Cantel" or "the Company") is Canada's largest national wireless telecommunications company, offering subscribers a broad spectrum of wireless products and services. It is currently the only company in Canada licensed to provide cellular, Digital PCS, paging and wireless data services nationwide. Rogers Cantel's seamless cellular network covers over 81% of Canada's population in "digital mode" and 93% of Canada's population in "analog mode." This coverage also extends throughout the United States to include coverage of well over 90% of the U.S. population through its strategic alliance with AT&T and other Rogers Cantel roaming partners. Rogers Cantel has over 1.7 million cellular and Digital PCS subscribers and over 256,000 paging subscribers.

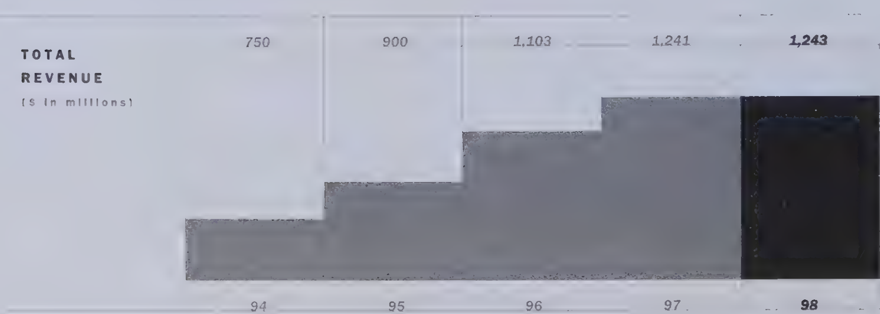
Cellular Service made up 84% of Rogers Cantel's revenue and 98% of its operating income in 1998. At the end of the year, 70% of customers were using analog cellular service and 30% were using digital (dual-mode or dual-band/dual-mode) service. All services were marketed under the co-brand Cantel† AT&T†.

Rogers Cantel's Paging division is one of Canada's largest paging operations with over 256,000 subscribers. Rogers Cantel continues to focus its paging operations on the consumer segment, which represents the fastest growing segment in the industry. In order to ensure success within this target market, the division has established the largest paging retail distribution in the country, with its products and services being offered in over 1,200 locations nationally.

Rogers Cantel's Wireless Data division operates a Mobitex™ mobile packet-switched data network in all major urban centres across Canada. This provides customers with digital wireless connectivity for many applications including e-mail, point-of-sale, remote data collection (meter reading, alarm monitoring, asset tracking) and two-way messaging. The Cantel AT&T two-way messaging service, Interactive Messaging, is the latest and most advanced service operating on the Mobitex network. This service provides the user with the ability to send and receive e-mail or text messages from a device that fits in the palm of a user's hand.

Summary

Total revenue increased by $1.6 million or 0.1% to reach $1,242.9 million in 1998, compared to $1,241.3 million in 1997. Operating income before provision for restructuring and asset writedowns (in the 1997 results), and depreciation and amortization ("operating profit") was $385.6 million in 1998, a decrease of $0.9 million or 0.2% from $386.5 million in 1997. Operating profit in 1997, after giving effect to the current accounting treatment of subscriber telephones, would have been $353.7 million, reflecting an increase in operating profit in the current year of $31.9 million or 9% versus the prior year. Operating profit as a percentage of revenue ("operating profit margin") was 31.0%, relatively unchanged from 31.1% in 1997. Operating profit margin in 1997, after giving effect to the current accounting treatment of expensing subscriber telephones, would have been 28.5%.



Management initiated a number of plans in 1998 to improve operating performance. These changes included:

➪ strengthening the management team through the addition of a number of top executives in key operating positions within the Company;

➪ realignment of the organization from a central to a regional structure in order to have all customer-facing functions handled by regional operations; and

➪ implementation of a cost reduction programme that reduced operating costs through the simplification of current business processes.

In addition, a number of key sales and marketing steps were taken designed to increase revenue growth in different business segments. These steps included:

➪ the introduction of Pay As You Go prepaid cellular and paging services, along with a dramatic increase in the number of non-conventional distribution points;

➪ the reduction of the number of price plans in each regional market with consistent core pricing for analog and digital services;

➪ the introduction of simplified long-distance plans; and

➪ the introduction of unique North American and Canadian one-rate plans. Cantel AT&T Digital One Rate plans leverage the Company's relationship with AT&T to provide North American-wide service at one low cost minute rate, eliminating roaming fees, long-distance charges, and time restrictions to the customer.

Revenue and Usage

Cellular Services revenue in 1998 totalled $1,045.4 million, up $15.1 million or 1.5% from the prior year's total of $1,030.3 million. This increase reflects the growth in cellular subscribers year-over-year, offset by a continued decline in monthly average revenue per user ("ARPU"). The subscriber growth resulted in an aggregate increase in monthly fees, local airtime, and long-distance revenue of $2 million. The balance of the increase in Cellular Services revenue came from increases in roaming revenue and system access fees.

Although Cellular Service revenue increased during the year, the trend towards lower monthly ARPU continued. Monthly ARPU in 1998 was $54, down 8.2% from $59 in 1997. This was the result of continued growth in the lower revenue consumer segment, including prepaid cellular; lower pricing in the business and corporate market segments driven by increased competition; and the offering of current market pricing to existing customers. Average monthly airtime usage per subscriber decreased to 202 minutes in 1998 from 213 minutes in 1997.

In 1999, Rogers Cantel will continue to take steps to minimize the expected decline in ARPU. Sales efforts will be aimed at increasing the number of higher revenue business subscribers through offers like Digital One Rate, that generate a higher than average ARPU. Rogers Cantel will also offer additional services and options to its existing customers.

PATRICK J. BENNETT
Executive Vice President
Sales and Operations

Opportunities for Rogers Cantel have never been greater. Customers want high value with flawless customer service and Rogers Cantel is well positioned to deliver both. I believe in 1999 Rogers Cantel will continue to deliver on its promise to listen, simplify, deliver and satisfy. This will translate into achieving our business objectives and increasing shareholder value.

Customer Satisfaction and Retention

With a customer base of two million cellular, Digital PCS, paging and data subscribers, management recognizes the need to balance the traditional industry focus on acquiring new customers with a greater emphasis on, and attention to, retaining existing customers by earning their satisfaction and their loyalty. Management has developed programmes that address the broad spectrum of customer satisfaction requirements, from the beginning of the sales cycle to the needs of experienced wireless users. Quarterly satisfaction surveys were completed throughout 1998, and a portion of management's compensation for 1998 was tied to improvement in customer satisfaction.

In 1998, a number of programmes were launched that address customer satisfaction at the "front-end" of the customer life cycle. These programmes included:

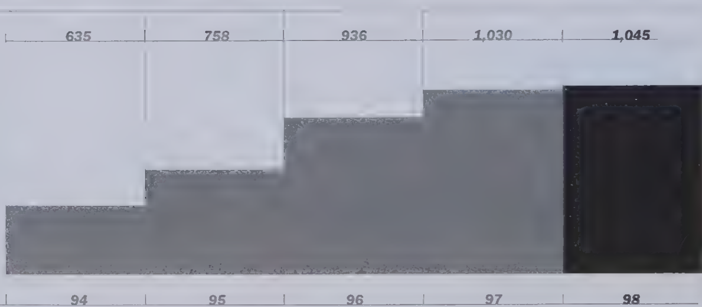
- a reduction in the number of price plans offered in each regional market to three in order to reduce confusion;
- a simplification of these plans to include "anytime" minutes, thereby eliminating customer concerns about calling during certain times of day;
- the introduction of flat-rate long-distance plans (previous plans were distance sensitive, making it difficult to quote long-distance rates);
- the introduction of simplified corporate pricing; and
- the introduction of Digital One Rate plans that offer customers low minute rates and no long-distance fees, roaming charges or time restrictions.

In addition, a number of initiatives aimed at increasing customer satisfaction within the existing customer base were implemented in 1998. These initiatives included:

- the decentralization of sales and servicing functions to the regional level and the establishment of clear regional authority and accountability for these functions (this has allowed regional management to address all customer issues in their regional market, thereby providing quicker response to customers' concerns);
- the establishment of a corporate sales force to rebuild account relationships with corporate accounts; and
- the launch of a customer loyalty programme that addresses hardware upgrades and price plan changes for the existing customer base, allowing existing customers to participate in the same offers as new customers.

The average monthly disconnect or "churn" rate for 1998 averaged 1.9% per month. In the early part of 1998, Cantel experienced high churn in the corporate segment as a result of aggressive pricing by its competitors and the lack of strong account relationships. Through much of the year, churn in the consumer segment has been high with a large number of three-year term customers completing their term and "shopping" for new airtime offers and hardware availability within a very competitive environment.

TOTAL CELLULAR REVENUE ($ in millions)



The retention and loyalty programmes mentioned above were implemented in the latter half of 1998, without sufficient time for them to firmly take root and reduce churn.

In 1999, Rogers Cantel will expand upon the 1998 customer satisfaction initiatives with the goal to reduce churn from 1998 levels. In-store customer service will be a focus in 1999, particularly in high-volume locations in each major market. Management believes, based on customer survey results, that many of these initiatives are beginning to improve customer satisfaction and may reduce churn levels in 1999.

Sales and Marketing

Rogers Cantel added 185,000 new cellular and Digital PCS subscribers in 1998, net of disconnects, ending the year with 1,737,600 subscribers, a 12% increase from 1,552,100 at December 31, 1997. The 185,000 net subscriber additions represents an increase of 2,500 or 1.4% from 182,500 net subscriber additions in 1997.

Sales momentum from improvements in sales and marketing activities increased dramatically in the latter half of 1998, but were not readily apparent from the full-year increase in net subscriber additions. In the first half of 1998, net additions accounted for 20% of the full-year total and were 58.2% below the first half of the prior year. In the second half of 1998, Rogers Cantel achieved 80% of its full year net subscriber additions, as net subscriber additions in the second half of 1998 were 59.5% above the levels experienced in the second half of the prior year.

Improvements in sales results between the first and second half of 1998 were the result of a number of sales and marketing activities. The most notable initiative was the launch of Pay As You Go prepaid service, which accounted for 71% of the net activations in the second half of 1998. In addition, in October 1998 the Company launched Digital One Rate service and flat-rate long-distance packages.

In 1999, Rogers Cantel will focus on improving its overall distribution by strengthening our existing channels and developing new channels of distribution. The focus in the dealer distribution channel, which represents approximately 60% of the Company's gross activations, will be to improve overall customer satisfaction. In some cases, the dealer distribution channel is expected to be augmented in key markets with the addition of company-owned stores. In addition to selling Rogers Cantel's products and services, these stores will also sell other Rogers Communications products and services and those of its partners. The focus in the retail channel will be two-fold; to reduce the complexity of the offers that are available and increase the number of distribution points.

Expansion of distribution channels will include telesales, electronic commerce, affinity distribution and reselling. Rogers Cantel estimates that its cellular and Digital PCS penetration of the population served in Canada reached 6.4% at December 31, 1998 as compared to 5.6% at the end of the prior year.

JEFFERY C. LOCKE

Senior Vice President

Marketing

Rogers Cantel was the first carrier in the world to allow universal access to its network through the Pay As You Go "Star" service. Whether the phone is programmed or not, on another carrier, or on Rogers Cantel, all Canadians and Americans can make wireless calls on the Rogers Cantel network and save money.

Paging and Data Services

Paging and Data Services revenue decreased to $46.9 million in 1998, down $3.7 million or 7.3%, from $50.6 million in 1997. Subscriber growth of 1.1% brought the total number of paging subscribers to 256,400 (excluding data service customers) at December 31, 1998, an increase from 253,600 at December 31, 1997. The decline in revenue growth is attributed to modest subscriber growth being more than offset by declining paging service prices. Monthly paging ARPU declined to $14, down $1 or 9.5% in 1998, from $15 in 1997. During 1998, Rogers Cantel Paging focused on reducing operating costs in order to maintain its operating profit margin as monthly ARPU declined in the competitive market. Average monthly paging cost per subscriber was $8, down $1 or 13.6%, from $9 in 1997. Average monthly paging churn increased to 3.24% per month in 1998 from 3.21% per month in 1997. Operating profit from Paging Services declined by 12.3% in 1998 from 1997 levels.

Other Revenue

In 1998, revenue from equipment sales was $150.6 million, down $9.9 million or 6.1% from $160.5 million in the prior year. Equipment is generally provided to Rogers Cantel's independent dealers and agents at cost. The decrease in revenue in 1998 is due primarily to reduced hardware prices in 1998 versus the prior year and the greater number of lower priced analog phones (rather than digital phones) sold as a result of the success of Pay As You Go prepaid service.

Operating Costs

Total cellular operating expenses (including cost of sales) of $666.1 million increased by $15.2 million or 2.3% over the prior year's expenses of $650.9 million. This increase was largely the result of year-over-year increases in sales and marketing costs, customer and network-related costs, partially offset by savings in credit and collections costs.

Sales and marketing cost per gross addition was $610 in 1998, 18.9% lower than the 1997 level of $752. A number of factors accounted for the decrease in sales and marketing expenses per gross subscriber addition, including:

- a reduction in fixed overhead or non-sales-producing activities in the sales and marketing departments;
- a reduction in hardware subsidies driven by declines in the cost of digital and analog phones; and
- the success of prepaid cellular, which carries essentially no variable acquisition costs.

Cellular operating expenses before sales and marketing costs were $336.5 million, an increase of $0.8 million or 0.3% from $335.7 million in 1997. The minor increase in total costs is attributed to a larger average customer base in 1998 over 1997 and additional technical service costs, offset by lower bad debt expenses. Cellular operating expenses per average subscriber, excluding sales and marketing costs, decreased $2 or 9.3% to $17 per month in 1998, compared to $19 in 1997.

CELLULAR SERVICES OPERATING PROFIT*

($ in millions)

*Operation income before provision for restructuring and asset writedowns (in the 1997 results), and depreciation and amortization.

In 1999, Rogers Cantel will continue to look for opportunities to reduce costs without slowing the considerable effort aimed at improving customer service and sales performance. The Company believes that being a low-cost provider is essential.

Operating Profit

Operating profit from Cellular Services ("cellular operating profit") was $379.3 million in 1998, relatively unchanged from $379.4 million in the prior year. Cellular operating profit, expressed as a percentage of revenue ("cellular operating profit margin") was 36.3% compared to 36.8% in the prior year. Cellular operating profit, after giving effect to the current accounting treatment of subscriber telephones in the prior year, would have been $344.3 million in 1997, reflecting a current year increase of $33.9 million or 9.8% from the prior year.

Operating profit from Other operations was $6.4 million in 1998, a decrease of $0.7 million or 10.6% from $7.1 million in 1997.

Fixed Charges

Depreciation and amortization totalled $274.3 million in 1998, an increase of $18.3 million or 7.2% from $256.0 million in the prior year. Capital spending was $604.7 million in 1997. In addition, useful life estimates on switch equipment were reduced thereby accelerating depreciation effective January 1, 1998.

Interest expense was $185.4 million in 1998, an increase of $47.1 million or 34.1% from $138.3 million in the prior year, due to both a higher average long-term debt balance and less favourable U.S. exchange rates than in the prior year. (See Sections C and D of this discussion for details on Liquidity and Financial Instruments.)

Loss

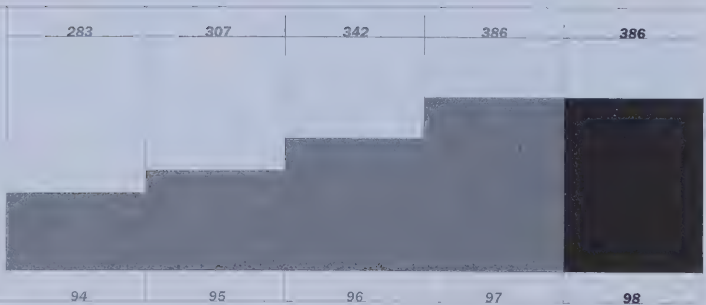
Rogers Cantel's loss for the year was $78.6 million compared to net income excluding unusual charges of $12.9 million in 1997. Including the unusual charges, Rogers Cantel's loss was $378.4 million in 1997.

Staffing

At December 31, 1998, staff levels of 2,871 full- and part-time employees represented a decrease of 356 from 3,227 at December 31, 1997, due primarily to cost efficiencies achieved through the simplification process. Included in the 1998 staffing levels are approximately 100 IT and business personnel who are involved in a major programme to implement a new billing and customer care system.

TOTAL OPERATING PROFIT*
($ in millions)

*Operation income before provision for restructuring and asset writedowns (in the 1997 results), and depreciation and amortization.



Capital Expenditures

Capital expenditures totalled $301.3 million in 1998, a decrease of $303.4 million or 50.2% from $604.7 million in 1997. Of this total, 64% was for increased cellular network capacity, new coverage, and increased signal strength in existing coverage areas. The remaining 36% was for general capital expenditures, primarily information technology projects such as the new customer care and billing system that was initiated in 1998. Other capital spending included the Company's new office location in Toronto, new call centres and the expansion and upgrading of the Mobitex™ mobile packet data network.

The 1998 capital expenditures were primarily for network development, as Rogers Cantel increased coverage and capacity of both digital and analog services. Approximately 50% of the network capital spending in 1998 was for network capacity expansion including "up-banding" existing sites to 1.9 GHz in the greater Toronto area. An additional 30% of the network capital spending was for voice service quality improvements in existing coverage areas. Approximately 130 new cell sites were added in 1998 to provide increased capacity, expanded coverage and improved voice quality in existing areas. With these additional sites, Rogers Cantel will have constructed the cell site infrastructure to allow for rapid and low cost increases in capacity, for the most part by only adding additional channels. Rogers Cantel will have the necessary buffer capacity to accommodate greater than planned subscriber growth and/or higher network usage that may arise in this competitive marketplace.

By year-end 1998, Rogers Cantel's digital coverage was over 81% of the Canadian population. Rogers Cantel believes this extensive digital coverage will become increasingly important, particularly to business users who require enhanced digital features to be available over a broad geographic area.

As a result of the aggressive site build in 1996 through 1998, the upbanding of existing sites to 1.9 GHz, and the migration of customers from analog to digital service, Rogers Cantel's capital spending level is currently budgeted to be approximately $300 million in 1999. Approximately 50% of 1999 capital spending will be directed to network development; further, about 70% of this amount will be for network capacity, in particular, the upbanding of existing sites to 1.9 GHz in key urban areas across Canada. This initiative will provide Rogers Cantel with further digital capacity.

The other 50% of 1999 capital expenditures is budgeted primarily in the area of information technology, with $110 million dedicated to the implementation of a new billing and customer care system. The system will be fully implemented in the second quarter, 2000, and the following benefits are expected:

- **providing a platform to bundle cellular/PCS, messaging and other telecommunications services;**
- **graphical user interfaces which will allow customer service representatives to simply and more intuitively "navigate" the system, thus enabling them to serve customers more effectively; and**
- **improved quality and productivity which will assist in reducing costs and strengthening customer loyalty.**

ROBERT F. BERNER

Senior Vice President and Chief Technology Officer

During 1998, Rogers Cantel's network technology team continued to provide high quality Digital PCS service on Canada's broadest PCS footprint, while significantly growing the network's call carrying capacity to meet unprecedented customer demand. In addition, we furthered our heritage of innovation by implementing the world's first commercial dual-band Digital PCS markets, and by launching Canada's first wireless prepaid service.

B. OPERATING RISKS AND UNCERTAINTIES

New competitive entry and aggressive pricing have reduced Canadian cellular and PCS pricing to among the lowest in the industrialized world. Rogers Cantel cannot predict whether further price reductions will continue in 1999. The Company anticipates some re-pricing of its existing base as new, lower pricing is offered to customers when their term contracts come to an end.

Rogers Cantel cannot anticipate what impact the new PCS services and lower prices will have on overall market growth. Rogers Cantel will compete vigorously for all customer segments and in all markets based on the strengths of its analog and digital networks, strong brands, and broad distribution.

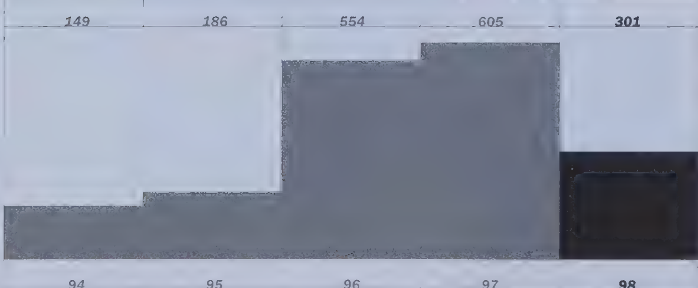
In October 1996, the Canadian Radio-television and Telecommunications Commission ("CRTC") ruled that participation by wireless carriers in local number portability ("LNP") would not be mandated during an interim period that runs until 1999. In December 1998, an application was filed by a competitor with the CRTC requesting that wireless LNP be mandated by March 2000. This was the date initially set by the U.S. Federal Communications Commission ("FCC"). However, in February 1999, the FCC extended that date to November 2002.

The application to the CRTC has not been dealt with, and it is unknown whether the CRTC will follow the FCC date of 2002. As well, in Order 99-5, the CRTC has already determined that access to the LNP database by wireless service providers should not be permitted unless the carriers meet all the regulatory obligations of being a competitive local service provider.

In 1998, the CRTC initiated a proceeding to examine whether wireless carriers should be required to pay monthly charges for the provision of 9-1-1 service. If implemented, a monthly charge per cellular telephone number would be assessed. The proposed charges vary by province. In light of the magnitude of the charges, wireless carriers may be required to pass on these charges directly to customers. The wireless industry position is that this should not be applied until technical solutions unique to the wireless industry have been implemented, in the 2000/2001 time frame. The cost to the Company could amount to approximately $6 million per year.

In 1998, Rogers Cantel commenced paying long-distance contribution, which amounted to $6 million for the year. During the year, there was an application by long-distance carriers to replace the current contribution mechanism with a revenue tax on all telecommunications carriers, including wireless carriers. That application was denied, although the CRTC has indicated they will commence a proceeding in 1999 to reconsider the current contribution regime. A revenue tax approach would result in substantial increases in long-distance contribution for Rogers Cantel.

CAPITAL EXPENDITURES
($ in millions)



Rogers Cantel may elect to become a Competitive Local Exchange Carrier ("CLEC") nationally or on an exchange by exchange basis. While entering this business could have a positive revenue impact, certain requirements would have to be met which could create additional costs. Additional costs would include the capital outlay required to provide equal access and local number portability. The provision of equal access and local number portability could cause a reduction in the Company's long-distance revenue and increased subscriber churn.

Since 1996, with the addition of new U.S. entrants such as Paging Network Inc. and Pagemart Wireless Inc., Rogers Cantel's paging division has experienced increased competition and price decreases. Rogers Cantel believes it is well positioned to benefit from the market expansion that increased competition will bring due to its extensive national network and broad distribution. However, there will continue to be downward pressure on prices and margins.

Risks and Uncertainties – Year 2000 Readiness

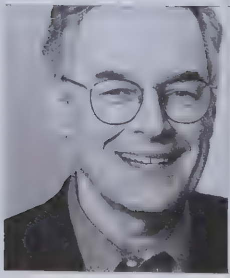
In 1997, Rogers Cantel instituted a multi-phase programme to address all known issues of year 2000 readiness in recognition of the potential material impact on its ability to conduct business. This programme ultimately reports to the Chief Information Officer of Rogers Communications Inc., with status reported biweekly to a senior management Steering Committee and regular updates to the Audit Committee of the Board of Directors.

Rogers Cantel substantially completed its year 2000 remediation activities at the end of 1998. At the beginning of February 1999, Rogers Cantel had completed over 80% of the project milestones for this critical remediation and implementation phase of the year 2000 programme. The majority of the remaining work for this first phase will be completed by March 31, 1999, with some minor effort planned through to July 1999 to complete implementation of certain compliant solutions.

In the final phase of the year 2000 programme, Rogers Cantel will maintain its year 2000 ready status through implementation of "clean management" or change control processes that ensure year 2000 ready systems remain compliant throughout the year. This final phase of the programme also includes development of detailed contingency and business continuity plans by May 1999. Sufficient qualified personnel are available to complete the year 2000 programme.

Rogers Cantel's expenditures for its year 2000 readiness programme in 1998 were approximately $13 million, bringing expenditures to approximately $18 million since 1997, compared to a total programme budget of $35 million extending into the year 2000. These expenditures are to be capitalized to the extent that they enhance the capabilities and useful life of the underlying systems. The funds required are provided through Rogers Cantel's cash flow and lines of credit. No material non-year 2000 projects have been cancelled, deferred or accelerated as a result of the year 2000 effort.

Rogers Cantel is also implementing an upgraded internal personal computer platform that will encompass a year 2000 ready solution for the desktop. The targeted completion date is July 1999.



FRANCIS FOX

President

Quebec and Eastern Canada

We are committed to giving our customers a level of service unparalleled in the industry. Customer satisfaction is what it's all about. For the Eastern region, it is our overriding objective.

Rogers Cantel's progress to date, and plans for 1999, indicate that the Company anticipates to be internally year 2000 ready in advance of December 31, 1999. The impact of the year 2000 issue on Rogers Cantel depends on the year 2000 readiness of third parties such as vendors, suppliers, customers, financial institutions and government agencies worldwide.

At this time, Rogers Cantel cannot determine the potential impact caused by third party infrastructure issues which may include lost revenue and an erosion of its customer base. Rogers Cantel's final phase of contingency planning includes addressing this third party impact on its operations. Because of the uncertainty surrounding the year 2000 readiness of third parties and notwithstanding the steps taken by Rogers Cantel, there cannot be total assurance that uncertainties with the year 2000 issue will not materially and adversely affect the Company's business operations and its customers.

Rogers Cantel provides a monthly update of its year 2000 programme status and progress on its Internet Web site www.rogers.com.

C. FINANCIAL POSITION – LIQUIDITY AND CAPITAL RESOURCES

Rogers Cantel reported a loss in 1998 of $78.6 million, compared to a loss of $12.9 million before the provision for restructuring and asset writedowns and the loss on early repayment of long-term debt in 1997. During 1998, Rogers Cantel's free cash flow deficiency (defined as cash flow from operations after changes in working capital less capital expenditures and investments) decreased to $50.4 million, from $405.9 million in 1997. Rogers Cantel funded this shortfall during the year through the issuance of third party and intercompany debt.

In 1999, Rogers Cantel anticipates growth in operating income before depreciation and amortization over 1998, decreases in capital expenditures and an increase in interest expense. Rogers Cantel does not anticipate it will generate free cash flow in 1999. Rogers Cantel anticipates that cash from operations, together with additional borrowings available under its bank credit facility, will satisfy the Company's cash funding requirements through the year 2001. (See Note 6 to the Consolidated Financial Statements for details on Rogers Cantel's long-term debt, including the bank credit facility.)

Rogers Cantel's cash flow from operations before working capital (defined as the net loss, offset by adding back all special provisions and other non-cash items such as depreciation and amortization) decreased to $195.7 million in 1998 from $244.6 million in the prior year. With the addition of $55.1 million of working capital surplus during the year, funds from operations totalled $250.8 million. This, combined with an increase of $62.5 million of intercompany debt owing to Rogers Communications Inc. ("RCI") and offset by a $3.2 million repayment of third party debt, resulted in funds available for use of $310.1 million. In general, these funds were used to purchase net fixed assets of $301.3 million.

WILLIAM G. GIBSON

President

Western Canada

Rogers Cantel is determined to deliver more and more value to its customers. This mission will never end! Our employees are expressing great pride in serving our customers.

Rogers Cantel's total debt, including amounts owing to RCI, increased by $148.2 million during 1998 to $2,237.4 million. The $148.2 million change reflects an increase of $62.5 million in intercompany debt, an $88.9 million increase from foreign exchange, offset by a $3.2 million net reduction of third party debt. For details regarding the $2,237.4 million of long-term and intercompany debt outstanding at December 31, 1998, see Notes 6 and 7 of the Notes to the Consolidated Financial Statements. Of the $2,237.4 million of debt outstanding at the fiscal year end, $1,950.4 million was long-term debt owed to third parties and $287.0 million was intercompany debt owed to RCI.

Rogers Cantel's required repayment of third party debt is minimal, totalling $7.0 million over the five-year period from 1999 to 2003 inclusive.

Bank Agreement

Rogers Cantel has an $800 million long-term secured revolving/reducing bank credit facility provided by a consortium of Canadian financial institutions, as well as a $10.0 million secured operating line of credit with a Canadian chartered bank. At December 31, 1998, $76.0 million was outstanding under Rogers Cantel's long-term bank credit facility, an increase of $1.0 million from the December 31, 1997 balance of $75.0 million. Access to Rogers Cantel's credit facility is based on certain debt to operating cash flow ratios. Based on Rogers Cantel's most restrictive covenants under its bank credit facility and public indentures, at December 31, 1998 Rogers Cantel could have borrowed $151.2 million of additional debt, all of which could have been borrowed under the bank credit facility. Of all the Company's debt instruments, the terms of the bank loan agreement generally impose the most restrictive covenants, maintenance tests and restrictions on sales of assets and distributions to shareholders. (See Note 6 of the Notes to the Consolidated Financial Statements for additional details.)

D. FINANCIAL INSTRUMENTS

Rogers Cantel's exposure to U.S. dollar foreign exchange fluctuations and interest rate fluctuations is closely managed. Currently, the risk of foreign exchange exposure is managed through the use of cross-currency exchange agreements or "swaps." In addition, during 1998, Rogers Cantel continued to use short-term foreign exchange options from time to time to augment its hedged position with respect to foreign exchange fluctuations. (See Note 6 of the Notes to the Consolidated Financial Statements for additional details on foreign exchange exposure.) Rogers Cantel's exposure to interest rate fluctuations is somewhat protected by an agreement with an affiliate discussed below. In order to minimize the risk of counterparty default under its swap agreements, Rogers Cantel assesses the creditworthiness of its swap counterparties. Currently all of the swap counterparties are financial institutions with a Standard & Poor's rating (or the equivalent) in the range of AA. Rogers Cantel's general objective is to hedge approximately 50% of its foreign exchange exposure through the use of cross-currency swaps and to maintain fixed interest rates on a minimum of 80% of its outstanding third party debt.

DEKKERS L. DAVIDSON

President

Ontario

The business turnaround at Rogers Cantel involved everyone...and it started with those employees that touch the customer. We began by listening to our front-line sales representatives and customer care consultants. And we simplified the business based on what our customers and front-line employees told us. The results are now starting to show...and we are delivering value by satisfying our customers.

As a result of U.S. dollar financings completed in 1996 and 1997 and the corresponding redemption of U.S. dollar denominated debt aggregating US$660.0 million, Rogers Cantel had U.S. dollar borrowings of US$1,175.0 million at December 31, 1998. Rogers Cantel's revenues and assets are almost exclusively denominated in Canadian dollars. Accordingly, Rogers Cantel is exposed to foreign exchange risk on its U.S. dollar denominated debt.

During 1992, 1993, 1996 and 1998, Rogers Cantel entered into cross-currency interest rate exchange agreements that serve to hedge exposure to additional changes in the exchange rate of the U.S. dollar as compared to the Canadian dollar on US$495.1 million or approximately 42.1% of its total U.S. dollar denominated debt at December 31, 1998 at an exchange rate of $1.3000 (i.e.: Cdn$643.6 million). Currently, management is comfortable with its hedged position since there are no material scheduled U.S. dollar denominated unhedged principal repayments due until 2007. Management continually re-evaluates its hedging strategies. Additionally, these cross-currency interest rate exchange agreements have the effect of converting the interest rate on (i) US$110.1 million of long-term debt from a fixed rate of 8.30% per annum to a weighted average fixed rate of 7.263% per annum on Cdn$143.1 million and (ii) US$385.0 million of long-term debt from a fixed rate of 9.375% per annum to a weighted average floating rate of bankers acceptance rates plus 2.353% per annum, which totalled 7.417% at December 31, 1998 on Cdn$500.5 million.

After giving effect to the cross-currency interest rate exchange agreements noted above, approximately 70.4% of Rogers Cantel's third party long-term debt was fixed at a weighted average interest rate of 9.0% for a weighted average term of 10.4 years. Including floating rate intercompany debt payable to RCI at December 31, 1998, 61.4% of Rogers Cantel's debt was fixed.

However, Rogers Cantel has entered into an agreement with an affiliated party that has the effect of capping interest rates on up to $285.0 million of floating rate debt based upon reference interest rates varying from 10.5% to 12.39% per annum. (See note 6(ii) of the Notes to the Consolidated Financial Statements for details on these agreements.) After giving effect to this agreement, 85.1% of Rogers Cantel's third party long-term debt was fixed/capped at December 31, 1998. Including floating rate intercompany debt payable to RCI at December 31, 1998, 74.1% of Rogers Cantel's debt was fixed/capped.

The following table presents a summary of the effect of changes in the foreign exchange rate on the unhedged portion of Rogers Cantel's U.S. dollar denominated debt and the resulting change on its debt principal, interest expense and earnings per share.

Change in Cdn$ Versus US$[1]	Change in Principal Amounts ($mm)	Change in Interest Expense ($mm)	Earnings Per Share[2]
1¢	$ 6.8	$ 0.6	1¢
3¢	20.4	1.8	4¢
5¢	34.0	3.0	7¢
10¢	68.0	6.0	13¢

(1)Canadian equivalent of unhedged U.S. debt if U.S. dollar costs an additional Canadian cent.
(2)Assumes no taxes. Includes the interest impact and the change in principal amounts, which would be amortized over the remaining life of unhedged debt estimated at approximately 11.1 years.

The Company continually monitors its hedged position and hedging policies. It is possible that the Company will enter into additional hedging contracts during 1999. See Note 6(i) of the Notes to the Consolidated Financial Statements for further details on the hedging terms and interest exchange agreements.

Cautionary Statement Regarding Forward-Looking Information

The preceding Management's Discussion and Analysis contains forward-looking statements that involve risk and uncertainties. The statements under, but not limited to, the following headings contain such information: "Customer Satisfaction and Retention," which describes programmes aimed at customer satisfaction; "Sales and Marketing," which describes plans and objectives for the Company's distribution channels; "Operating Costs," which describes cost reduction plans; "Capital Expenditure," which describes projected capital spending for 1999; "Risk and Uncertainties – Year 2000 Readiness," which describes the plans and objectives related to the Company's technological readiness for year 2000; and "Financial Position – Liquidity and Capital Resources" which describes certain anticipated results and liquidity for 1999 and beyond. The Company cautions that the actual future performance will be affected by a number of factors, including without limitations, technological change which may impact the Company's capital expenditures and results of operations, regulatory change which may affect the Company's competitive strategy, and competitive factors which may alter the timing and amount of the Company's capital expenditures, all of which could adversely affect the Company's revenue expectations and results of operations. Many of these factors are beyond the Company's control; therefore, future events may vary substantially from what the Company currently foresees. The Company wishes to caution readers not to place undue reliance on such forward-looking statements that speak only as of the date made.

SHARE PRICE AND TRADING VOLUME – THE TORONTO STOCK EXCHANGE (RCM.B RESTRICTED VOTING SHARES) CDN$

Years ended		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
December 1995	High	$ 41.50	$ 35.88	$ 35.50	$ 36.13	$ 41.50
	Low	$ 35.13	$ 30.50	$ 31.13	$ 27.38	$ 27.38
	Close	$ 35.50	$ 33.00	$ 32.88	$ 36.00	$ 36.00
	Volume (000s)	2,710	3,882	1,481	3,696	11,769
December 1996	High	$ 37.75	$ 36.80	$ 32.50	$ 33.00	$ 37.75
	Low	$ 30.75	$ 31.35	$ 26.70	$ 26.05	$ 26.05
	Close	$ 32.50	$ 32.25	$ 26.70	$ 27.15	$ 27.15
	Volume (000s)	1,869	5,088	2,036	2,747	11,740
December 1997	High	$ 30.00	$ 27.80	$ 30.00	$ 25.25	$ 30.00
	Low	$ 22.50	$ 23.10	$ 24.15	$ 12.70	$ 12.70
	Close	$ 25.60	$ 26.00	$ 24.30	$ 13.10	$ 13.10
	Volume (000s)	2,477	3,931	1,961	3,300	11,669
December 1998	**High**	**$ 17.25**	**$ 19.50**	**$ 21.65**	**$ 20.50**	**$ 21.65**
	Low	**$ 9.25**	**$ 14.60**	**$ 11.00**	**$ 11.50**	**$ 9.25**
	Close	**$ 16.00**	**$ 18.25**	**$ 11.50**	**$ 18.50**	**$ 18.50**
	Volume (000s)	**3,737**	**2,290**	**1,759**	**862**	**8,648**

NASDAQ (RCMIF – RESTRICTED VOTING SHARES) US$

Year ended		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
December 1995*	High	$ 29.38	$ 25.63	$ 26.38	$ 26.50	$ 29.38
	Low	$ 24.75	$ 22.25	$ 23.00	$ 20.44	$ 20.44
	Close	$ 25.50	$ 23.75	$ 24.38	$ 26.50	$ 26.50
	Volume (000s)	4,314	4,068	2,538	4,094	15,014

THE NEW YORK STOCK EXCHANGE (RCN RESTRICTED VOTING SHARES) US$

Years ended		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
December 1996**	High	$ 27.75	$ 27.00	$ 23.25	$ 24.25	$ 27.75
	Low	$ 22.38	$ 23.00	$ 19.63	$ 19.00	$ 19.00
	Close	$ 24.00	$ 23.38	$ 19.75	$ 19.38	$ 19.38
	Volume (000s)	2,163	1,019	1,159	622	4,963
December 1997	High	$ 22.25	$ 20.00	$ 21.75	$ 18.25	$ 22.25
	Low	$ 16.50	$ 16.37	$ 17.31	$ 9.00	$ 9.00
	Close	$ 18.37	$ 18.93	$ 17.68	$ 9.31	$ 9.31
	Volume (000s)	3,401	915	208	1,174	5,698
December 1998	**High**	**$ 12.38**	**$ 13.50**	**$ 14.00**	**$ 13.75**	**$ 14.00**
	Low	**$ 7.13**	**$ 10.69**	**$ 7.06**	**$ 7.19**	**$ 7.06**
	Close	**$ 11.88**	**$ 12.88**	**$ 7.69**	**$ 12.19**	**$ 12.19**
	Volume (000s)	**1,643**	**1,308**	**1,000**	**872**	**4,823**

* Last day of trading on the NASDAQ Stock Market was January 10, 1996.
** First day of trading on the New York Stock Exchange was January 11, 1996. Volume declines in 1996 over prior years are primarily due to different calculation methods used at the New York Stock Exchange compared to the NASDAQ Stock Market.

KEY WIRELESS STATISTICS

Years ended December 31	1998	1997	1996	1995	1994
Cellular Statistics					
Subscribers	1,737,600	1,552,100	1,369,600	1,049,400	793,900
Subscribers to population served	6.44%	5.55%	4.97%	4.00%	3.09%
Average monthly revenue per subscriber[1]	$ 54	$ 59	$ 66	$ 73	$ 79
Sales and marketing expense per gross addition	$ 610	$ 752	$ 649	$ 587	$ 392
Average monthly operating expense per subscriber[1][2]	$ 17	$ 19	$ 21	$ 22	$ 27
Average monthly usage per subscriber (in minutes)	$ 202	$ 213	$ 208	$ 168	$ 158
% average monthly churn	1.90%	1.63%	1.69%	2.12%	1.85%
Switches	20	19	18	17	17
Cell sites	1,584	1,462	1,133	862	785
% of cells with digital capacity	83%	81%	63%	64%	65%
Radio channels installed	43,697	41,064	28,561	19,225	16,700
Paging Statistics					
Subscribers	256,400	253,600	242,800	201,800	191,800
Average monthly revenue per subscriber[1]	$ 14	$ 15	$ 18	$ 21	$ 25
Subscribers to population served	1.06%	1.05%	0.98%	1.04%	1.00%

(1) Based upon a 13 point average.
(2) Before sales and marketing expenses.

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Years ended December 31 (in thousands of dollars, except per share amounts)	1998	1997	1996	1995	1994
Income Statement					
Total revenue	$ 1,242,925	$ 1,241,329	$ 1,102,854	$ 899,521	$ 750,420
Cellular revenue	1,045,388	1,030,254	935,925	757,993	635,321
Operating income[1]	385,622	386,458	342,262	306,934	282,632
Loss	(78,555)	(378,434)	(67,611)	(42,913)	(1,972)
Loss under US GAAP	(188,592)	(412,487)	(55,014)	(43,522)	(31,217)
Cash Flow[2]					
Cash flow from operations	$ 195,709	$ 244,568	$ 224,333	$ 191,870	$ 178,875
– Under US GAAP	195,709	244,568	224,333	190,940	178,875
Capital expenditures	301,287	604,675	553,826	185,550	149,056
Per Share					
Weighted average outstanding number of shares (000s)	92,957	93,404	93,897	93,894	93,894
Loss per share	$ (0.85)	$ (4.05)	$ (0.72)	$ (0.46)	$ (0.02)
Loss per share under US GAAP	(2.03)	(4.42)	(0.59)	(0.46)	(0.33)
Cash flow per share	2.11	2.62	2.39	2.04	1.91
Cash flow per share under US GAAP	2.11	2.62	2.39	2.03	1.91

As at December 31 (in thousands of dollars)	1998	1997	1996	1995	1994
Balance Sheet					
Total assets	$ 2,023,813	$ 1,956,126	$ 1,763,917	$ 1,290,710	$ 1,219,467
Fixed assets – net	1,643,881	1,601,461	1,320,588	963,171	964,212
Goodwill	–	–	22,451	23,842	25,212
Long-term debt	2,237,358	2,089,140	1,589,343	1,109,836	1,088,048
Shareholders' deficiency	(622,929)	(544,374)	(141,207)	(106,152)	(63,305)

(1) Before provision for restructuring and asset writedowns and depreciation and amortization.
(2) Cash flow is defined as cash flow from operations before changes in working capital amounts.

(In thousands of dollars, except per share amounts)	1998 Quarters Dec 31	Sept 30	June 30	Mar 31
Income Statement				
Revenue				
Cellular Services	$ 264,591	$ 266,648	$ 264,688	$ 249,461
Equipment Sales	47,814	37,285	29,676	35,864
Paging and Data Services	11,703	11,654	11,803	11,738
Total	$ 324,108	$ 315,587	$ 306,167	$ 297,063
Operating income before depreciation and amortization and unusual items:				
Cellular Services	$ 87,575	$ 106,205	$ 101,208	$ 84,283
Equipment Sales, Paging Services and Other	1,346	1,288	1,838	1,879
Total	88,921	107,493	103,046	86,162
Depreciation and amortization	74,502	72,116	65,138	62,508
Provision for restructuring and asset writedowns	–	–	–	–
Operating income	14,419	35,377	37,908	23,654
Interest expense	48,188	48,495	46,540	42,203
Other expense (income)	(1,686)	1,099	527	18
Loss on early repayment of long-term debt	–	–	–	–
Income taxes	1,133	1,132	1,132	1,132
Net loss	$ (33,216)	$ (15,349)	$ (10,291)	$ (19,699)
Loss per share	$ (0.36)	$ (0.17)	$ (0.11)	$ (0.21)
Net loss – US GAAP	$ (57,176)	$ (60,272)	$ (57,319)	$ (13,825)
Loss per share – US GAAP	$ (0.61)	$ (0.65)	$ (0.62)	$ (0.15)
Operating income before depreciation and amortization and unusual items, margin %:				
Cellular Services	33.1%	39.8%	38.2%	33.8%
Equipment Sales, Paging Services and Other	2.3%	2.6%	4.4%	3.9%
Total	27.4%	34.1%	33.7%	29.0%
Cash flow from operations[1]	$ 41,286	$ 56,767	$ 54,847	$ 42,809
Capital expenditures	86,975	67,775	81,457	65,080
Long-term debt	2,237,358	2,165,493	2,191,473	2,086,567
Cellular subscribers	1,737,611	1,634,345	1,590,327	1,565,459
Paging subscribers	256,393	249,934	248,774	249,772

[1]Cash flow from operations before changes in working capital amounts.

(In thousands of dollars, except per share amounts)	1997 Quarters Dec 31	Sept 30	June 30	Mar 31
Income Statement				
Revenue				
Cellular Services	$ 261,702	$ 269,161	$ 264,507	$ 234,884
Equipment Sales	71,650	38,683	30,946	19,231
Paging and Data Services	12,387	13,034	12,745	12,399
Total	$ 345,739	$ 320,878	$ 308,198	$ 266,514
Operating income before depreciation and amortization and unusual items:				
Cellular Services	$ 83,441	$ 99,641	$ 108,489	$ 87,783
Equipment Sales, Paging Services and Other	2,278	1,867	1,128	1,831
Total	85,719	101,508	109,617	89,614
Depreciation and amortization	68,310	61,735	61,732	64,181
Provision for restructuring and asset writedowns	335,315	–	–	–
Operating income (loss)	(317,906)	39,773	47,885	25,433
Interest expense	42,662	33,453	31,773	30,367
Other expense (income)	1,417	(282)	147	(279)
Loss on early repayment of long-term debt	–	30,245	–	–
Income taxes	1,029	1,029	1,029	1,029
Net income (loss)	$ (363,014)	$ (24,672)	$ 14,936	$ (5,684)
Earning (loss) per share	$ (3.89)	$ (0.27)	$ 0.16	$ (0.06)
Net income (loss) – US GAAP	$ (400,891)	$ (7,418)	$ 12,766	$ (16,944)
Earnings (loss) per share – US GAAP	$ (4.29)	$ (0.08)	$ 0.14	$ (0.18)
Operating income before depreciation and amortization and unusual items, margin %:				
Cellular Services	31.9%	37.0%	41.0%	37.4%
Equipment Sales, Paging Services and Other	2.7%	3.6%	2.6%	5.8%
Total	24.8%	31.6%	35.6%	33.6%
Cash flow from operations(1)	$ 42,095	$ 67,308	$ 76,668	$ 58,497
Capital expenditures	139,255	181,648	172,566	111,206
Long-term debt	2,089,140	2,254,266	1,772,655	1,644,645
Cellular subscribers	1,552,127	1,489,008	1,459,785	1,415,779
Paging subscribers	253,588	252,305	249,379	241,936

(1) Cash flow from operations before changes in working capital amounts.

Years ended December 31 (In thousands of dollars, except per share amounts)	1998	1997
Revenue (note 10)	$ 1,242,925	$ 1,241,329
Operating, general and administrative expenses	847,783	845,667
Management fees (note 13(b))	9,520	9,204
Operating income before the following items	385,622	386,458
Provision for restructuring and asset writedowns (note 9)	–	335,315
Depreciation and amortization	274,264	255,958
Operating income (loss)	111,358	(204,815)
Interest expense:		
Long-term debt	170,379	130,446
Notes payable to Rogers Communications Inc.	14,749	7,750
Other	298	59
Loss on early repayment of long-term debt (note 6(g))	–	30,245
Other expense (income)	(42)	1,003
	185,384	169,503
Loss before income taxes	(74,026)	(374,318)
Income taxes (note 11)	4,529	4,116
Loss for the year	$ (78,555)	$ (378,434)
Loss per share	$ (0.85)	$ (4.05)
Weighted average number of Class A Multiple Voting and Class B Restricted Voting Shares (in thousands)	92,957	93,404

Fully diluted earnings per share are not disclosed as they are anti-dilutive.

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

Years ended December 31 (In thousands of dollars)	1998	1997
Funds provided by (used for):		
Operations:		
Loss for the year	$ (78,555)	$ (378,434)
Items not affecting funds:		
Depreciation and amortization	274,264	255,958
Provision for restructuring and asset writedowns	–	335,315
Loss on early repayment of long-term debt	–	30,245
Other	–	1,484
	195,709	244,568
Changes in:		
Accounts receivable	55,636	(42,492)
Other assets and deferred charges	(7,325)	(12,777)
Accounts payable and accrued liabilities and unearned revenue	(3,093)	8,944
Amounts due to/from parent and affiliated companies, net	9,919	534
	250,846	198,777
Financing:		
Issue of notes payable to Rogers Communications Inc., net (note 7)	62,500	155,500
Issue of long-term debt	1,000	677,180
Repayment of long-term debt	(4,172)	(385,361)
Financing costs incurred	(85)	(18,088)
Issue of capital stock and warrants	–	929
Purchase of capital stock	–	(25,662)
	59,243	404,498
Investments:		
Additions to fixed assets	(301,287)	(604,675)
Increase (decrease) in funds	8,802	(1,400)
Funds deficiency, beginning of year	(14,581)	(13,181)
Funds deficiency, end of year	$ (5,779)	$ (14,581)

Funds are defined as cash and short-term deposits less bank advances.

See accompanying notes to consolidated financial statements.

As at December 31 (in thousands of dollars)	1998	1997
Assets		
Fixed assets (note 3)	$ 1,643,881	$ 1,601,461
Accounts receivable, net of allowance for doubtful accounts of $45,314 (1997 – $49,148)	154,342	209,978
Deferred charges (note 4)	158,563	82,555
Other assets (note 5)	67,027	62,132
	$ 2,023,813	$ 1,956,126
Liabilities and Shareholders' Deficiency		
Liabilities:		
Bank advances, arising from outstanding cheques	$ 5,779	$ 14,581
Long-term debt (note 6)	1,950,358	1,864,640
Notes payable to Rogers Communications Inc. (note 7)	287,000	224,500
Accounts payable and accrued liabilities	346,567	348,305
Due to parent and affiliated companies (note 13(a))	10,154	235
Unearned revenue	46,884	48,239
	2,646,742	2,500,500
Shareholders' deficiency:		
Capital stock (note 8)	449,158	449,158
Warrants (note 8(c))	32,500	32,500
Deficit	(1,104,587)	(1,026,032)
	(622,929)	(544,374)
	$ 2,023,813	$ 1,956,126

Commitments (note 15)

Contingent liabilities (note 16)

Canadian and United States accounting policy differences (note 17)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Ted Rogers

Director

Director

CONSOLIDATED STATEMENTS OF DEFICIT

Years ended December 31 (In thousands of dollars)		1998		1997
Deficit, beginning of year	$	1,026,032	$	622,789
Adjustment arising on purchase of Class B Restricted Voting Shares (note 8(b))		–		24,809
Loss for the year		78,555		378,434
Deficit, end of year	$	1,104,587	$	1,026,032

See accompanying notes to consolidated financial statements.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Rogers Cantel Mobile Communications Inc. as at December 31, 1998 and 1997 and the consolidated statements of income, deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1998 and 1997 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles in Canada.

Generally accepted accounting principles in Canada differ in some respects from those applicable in the United States (note 17).

KPMG LLP

Chartered Accountants

Toronto, Canada
January 22, 1999

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1. NATURE OF BUSINESS

Rogers Cantel Mobile Communications Inc. (the "Company") is a public company 81% owned directly and indirectly by Rogers Communications Inc. ("RCI").

The Company offers analog and Digital PCS cellular, paging and wireless data communications services nationwide and operates under a cellular licence and a Personal Communications Services ("PCS") licence issued by Industry Canada. The cellular and PCS licences are renewable in 2001.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries.

B. Capitalization Policy

Fixed assets are recorded at purchase cost. Repairs and maintenance expenditures are charged to operations. During construction of the cellular telephone network, direct costs plus a portion of overhead costs are capitalized.

C. Depreciation

Fixed assets are depreciated annually over their estimated useful lives as follows:

Asset	Basis	Rate
Buildings	Diminishing balance	5%
Network equipment	Straight line	6⅔% to 20%
Network radio base station equipment	Straight line	12½%
Computer equipment and software	Straight line	25% to 33⅓%
Furniture, fixtures and office equipment	Diminishing balance	20%
Leasehold improvements	Straight line over the term of the lease	
Other equipment	Mainly straight line	20% to 33⅓%

Effective January 1, 1998, the Company revised the estimated useful lives of switch equipment and began depreciating switch hardware over ten years and switch software over five years on a straight-line basis (notes 3 and 9).

D. Foreign Exchange

Long-term debt denominated in United States dollars is translated into Canadian dollars at the year-end rate of exchange, or at the hedge rate of exchange when cross-currency interest exchange agreements are in effect. Exchange gains or losses on translating this long-term debt are deferred and amortized on a straight-line basis over the remaining life of the debt. All other exchange gains or losses are included in income.

E. Financial Instruments

The Company uses derivative financial instruments to manage risks from fluctuations in exchange rates and interest rates. These instruments include cross-currency interest rate exchange agreements, interest exchange agreements and, from time to time, foreign exchange option agreements and foreign exchange forward contracts. All such instruments are only used for risk management purposes and are designated as hedges of specific debt instruments. The Company accounts for these financial instruments as hedges and as a result the carrying values of the financial instruments are not adjusted to reflect their current market values. The net receipts or payments arising from financial instruments relating to interest are recognized in interest expense on an accrual basis. Upon redesignation or amendment of a derivative financial instrument, the carrying value of the instrument is adjusted to fair market value and any gain or loss is deferred and amortized over the shorter of the remaining term of the original instrument or the term of the new instrument.

F. Deferred Charges

The costs of obtaining bank and other debt financing are deferred and amortized on a straight-line basis over the effective life of the debt to which they relate.

G. Unearned Revenue

Unearned revenue includes subscriber deposits and amounts received from subscribers related to services to be provided in future periods.

H. Pensions

Pension expense consists of the aggregate of (a) the actuarially computed costs of pension benefits provided in respect of the current year's service, (b) imputed interest on any funding excess and (c) the amortization over the expected average remaining service life of the employees of (i) the funding excess existing as at the beginning of the year, and (ii) any experience gain or loss during the year.

I. Segmented Information

The Company considers its cellular services operations, which includes analog and Digital PCS services, to be one operating segment. The paging and other operations are not significant enough to be considered separately reportable operating segments. All of the Company's principal businesses are carried out in Canada.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. FIXED ASSETS

(In thousands of dollars)	1998	1997
Land and buildings	$ 113,774	$ 97,323
Network equipment	1,498,961	1,374,659
Network radio base station equipment	979,656	904,795
Computer equipment and software	238,089	225,130
Furniture, fixtures and office equipment	51,569	52,230
Leasehold improvements	26,623	25,728
Other equipment	8,030	17,354
	2,916,702	2,697,219
Less accumulated depreciation and amortization	1,272,821	1,095,758
	$ 1,643,881	$ 1,601,461

The change in estimate of the useful life of switch equipment increased depreciation expense in 1998 by $9,312,000.

The Company has a significant ongoing capital expenditure program for the expansion and improvement of its networks. The Company estimates that its capital expenditure program for 1999 will amount to approximately $310,000,000.

4. DEFERRED CHARGES

(In thousands of dollars)	1998	1997
Foreign exchange loss, less accumulated amortization of $9,419 (1997 – $2,163)	$ 120,850	$ 40,501
Financing costs, less accumulated amortization of $8,095 (1997 – $3,675)	37,649	41,984
Other	64	70
	$ 158,563	$ 82,555

Amortization of deferred charges for 1998 amounted to $11,676,000 (1997 – $97,156,000). Included in amortization expense for 1997 is $86,434,000 related to subscriber telephone costs which were recorded in operating, general and administrative expenses (note 9(c)).

5. OTHER ASSETS

(In thousands of dollars)	1998	1997
Brand licence costs, less accumulated amortization of $5,250 (1997 – $2,730)	$ 32,550	$ 35,070
Amounts receivable from employees under RCI share purchase plans including $294 from officers of the Company (1997 – $879)	827	1,723
Inventories	13,751	5,038
Prepaid expenses	14,268	15,651
Miscellaneous notes and loans receivable from employees	4,825	3,831
Other	806	819
	$ 67,027	$ 62,132

In 1996, the Company entered into a brand licence agreement with AT&T Canada Enterprises Inc. ("AT&T") providing the Company with, among other things, the right to the use of the AT&T brand names. As consideration for entering into this agreement, the Company issued warrants to AT&T at a value of $32,500,000 (note 8(c)). The consideration given to AT&T together with the incremental costs of entering into the brand licence agreement amounted to $37,800,000 and are being deferred and amortized on a straight-line basis to income over the fifteen year term of the brand licence agreement. In 1998, the amortization of the brand licence cost was $2,520,000 (1997 – $2,520,000). The brand licence agreement also requires the Company to make certain annual royalty payments over the term of the agreement (note 15(b)).

6. LONG-TERM DEBT

(In thousands of dollars)	Interest rate	1998	1997
Bank loan	Floating	$ 76,000	$ 75,000
Senior Secured Notes due 2006	10½%	160,000	160,000
Senior Secured Notes due 2007	8.30%	395,509	393,003
Senior Secured Debentures due 2008	9⅜%	691,813	644,975
Senior Secured Debentures due 2016	9¾%	267,838	250,093
Senior Subordinated Notes due 2007	8.80%	329,058	307,257
Obligations under mortgages, capital leases and other	Various	30,140	34,312
		$ 1,950,358	$ 1,864,640

Further details of long-term debt are as follows:

A. Bank Loan

At December 31, 1998, the Company had $76,000,000 (1997 – $75,000,000) outstanding under its credit facility, which provides for up to $800,000,000 of credit capacity from a consortium of Canadian financial institutions.

Under the credit facility, the Company may borrow at various rates, including the bank prime rate to the bank prime rate plus ¾% per annum, the bankers' acceptance rate plus ¾% to 1½% per annum and the London Inter Bank Offered Rate ("LIBOR") plus ¾% to 1½% per annum. Access to the credit facility is based on certain maintenance tests, the most restrictive of which relates to a debt to operating cash flow ratio.

This credit facility is available on a fully revolving basis until the first date specified below, at which time the facility becomes a revolving/reducing facility and the aggregate amount of credit available under the facility will be reduced as follows:

Date of reduction	Reduction at each date (In thousands of dollars)
On January 2:	
2001	$ 120,000
2002	160,000
2003	160,000
2004	160,000
2005	200,000

The credit facility requires that any additional senior debt (other than the bank loan described above) that is denominated in a foreign currency be hedged against foreign exchange fluctuations on a minimum of 50% of such additional senior borrowings in excess of the Canadian equivalent of US$25,000,000.

Borrowings under the credit facility are secured by the pledge of a senior bond issued under a deed of trust which is secured by substantially all the assets of the Company and certain of its subsidiaries, subject to certain exceptions and prior liens.

B. Senior Secured Notes due 2006

The Company's $160,000,000 Senior Secured Notes mature on June 1, 2006. These notes are redeemable in whole or in part, at the option of the Company, at any time subject to a prepayment premium.

C. Senior Secured Notes due 2007

The Company's US$275,000,000 Senior Secured Notes mature on October 1, 2007. These notes are redeemable in whole or in part, at the option of the Company, on or after October 1, 2002 at 104.15% of the principal amount, declining ratably to 100% of the principal amount on or after October 1, 2005 plus, in each case, interest accrued to the redemption date.

D. Senior Secured Debentures due 2008

The Company's US$510,000,000 Senior Secured Debentures mature on June 1, 2008. These debentures are redeemable at the option of the Company, in whole or in part, at any time on or after June 1, 2003, at 104.688% of the principal amount, declining ratably to 100% of the principal amount on or after June 1, 2006 plus, in each case, interest accrued to the redemption date.

E. Senior Secured Debentures due 2016

The Company's US$175,000,000 Senior Secured Debentures mature on June 1, 2016. These debentures are redeemable in whole or in part, at the option of the Company, at any time, subject to a prepayment premium.

Each of the Company's senior secured notes and debentures described above is secured by the pledge of a senior bond which is secured by the same security as the security for the bank credit facility described in (a) above and ranks equally with the bank credit facility.

F. Senior Subordinated Notes due 2007

The Company's US$215,000,000 Senior Subordinated Notes mature on October 1, 2007. These notes are redeemable in whole or in part, at the option of the Company, on or after October 1, 2002 at 104.40% of the principal amount declining ratably to 100% of the principal amount on or after October 1, 2005 plus, in each case, interest accrued to the redemption date. The subordinated notes are subordinated to all existing and future senior secured obligations of the Company (including the bank loan, the senior notes and senior debentures). The subordinated notes are not secured by the pledge of a senior bond.

G. Senior Subordinated Guaranteed Notes

The Company's US$200,000,000 Senior Subordinated Guaranteed Notes were repaid during 1997. The Company paid a premium on redemption of $9,067,000 and wrote off deferred financing costs of $2,754,000 and deferred foreign exchange costs of $18,424,000 resulting in a net loss on repayment of $30,245,000.

Interest is payable semi-annually on all of the senior secured notes and debentures and senior subordinated notes.

H. Interest Exchange Agreements

i. The Company has entered into a number of cross-currency interest rate exchange agreements in order to reduce the Company's exposure to changes in the exchange rate of the U.S. dollar as compared to the Canadian dollar. Total U.S. dollar denominated long-term debt at December 31, 1998 amounted to US$1,175,000,000 of which US$495,100,000 (1997 – $385,000,000) or 42.1% (1997 – 32.8%) is hedged through cross-currency interest rate exchange agreements. The effect of these agreements is to convert the obligation of the Company to service U.S. dollar denominated debt in the amount of US$495,100,000 into Canadian dollar denominated debt at an average exchange rate of 1.3000 (1997 – 1.2113) Canadian dollars to US$1.00.

The obligation of the Company to the counterparties under these cross-currency interest rate exchange agreements is secured by senior bonds ranking equally with other senior bonds issued.

ii. The cross-currency interest rate exchange agreements have the effect of converting the interest rate on an aggregate US$495,100,000 of which the U.S. dollar fixed interest rate of 8.30% per annum. US$110,100,000 of this long-term debt has been converted to a weighted average Canadian dollar fixed interest rate of 7.263% per annum on $143,130,000 (i.e. with an exchange rate of Canadian $1.3000 to US$1.00). The interest rate on the remaining US$385,000,000 of long-term debt has been converted from a U.S. dollar fixed interest rate of 9.375% per annum to a weighted average floating interest rate equal to the Canadian bankers' acceptances rate plus 2.353% per annum, which totalled 7.417% at December 31, 1998 on $500,500,000 (i.e. with an exchange rate of Canadian $1.3000 to US$1.00). While this has the effect of converting $500,500,000 (1997 – $466,338,000) of fixed rate debt to floating rate debt, the Company has entered into an agreement with RCI, under which the Company will obtain the benefit of certain of RCI's interest exchange agreements. These interest exchange agreements have the effect of limiting the interest rates on up to $285,000,000 (1997 – $310,000,000) of floating rate debt of the Company based upon reference interest rates varying from 10.5% to 12.39%. These interest exchange agreements will be transferred to the Company at such time as fixed interest rates available to the Company equal or exceed the fixed interest rates under RCI's interest exchange agreements. The Company guarantees RCI's obligations under the interest exchange agreements. The obligations of the Company under the guarantee are secured by the pledge of senior bonds ranking equally with other senior bonds issued under a deed of trust.

Total long-term debt at fixed interest rates as at December 31, 1998 was $1,373,900,000 (1997 – $1,323,300,000) or 70% (1997 – 71%) of long-term debt. The effective weighted average interest rate on all long-term debt as at December 31, 1998, including the effect of the cross-currency interest rate exchange agreements was 8.49% (1997 – 8.34%).

As at December 31, 1998, principal repayments due within each of the next five years on all long-term debt are as follows:

(In thousands of dollars)	
Year ending December 31:	
1999	$ 4,014
2000	809
2001	1,016
2002	653
2003	458
	6,950
Thereafter	1,943,408
	$ 1,950,358

The long-term debt agreements entered into by the Company contain certain provisions which restrict the operations and activities of the Company, the most restrictive of which pertain to debt incurrence and maintenance tests, additional investments, sale of assets, payment of dividends and the payment of principal or interest on certain subordinated debt. In addition, the repayment dates of certain debt agreements accelerate if there is a change in control of the Company.

7. NOTES PAYABLE TO ROGERS COMMUNICATIONS INC.

(In thousands of dollars)	1998	1997
Subordinated, unsecured promissory notes, payable on demand, bearing interest at the bank prime rate	$ 287,000	$ 224,500

During 1998, RCI advanced an aggregate of $593,000,000 of subordinated, unsecured demand promissory notes bearing interest at the bank prime rate and the Company repaid $530,500,000 of subordinated, unsecured demand promissory notes owing to RCI.

8. CAPITAL STOCK

Authorized

There are an unlimited number of authorized preferred shares without par value, issuable in series, with rights and terms of each series to be fixed by the Board of Directors prior to the issue of the series.

There are two classes of common shares, all of which have an unlimited number of authorized shares and are without par value.

The Class A Multiple Voting Shares are entitled to ten votes per share and are convertible on a one-for-one basis into Class B Restricted Voting Shares.

The Class B Restricted Voting Shares are entitled to one vote per share.

Issued and Outstanding

(In thousands of dollars)	1998	1997
75,133,806 Class A Multiple Voting Shares	$ 433,997	$ 433,997
17,823,665 Class B Restricted Voting Shares	15,745	15,745
	449,742	449,742
Deduct amounts receivable from employees under certain share purchase plans	(584)	(584)
	$ 449,158	$ 449,158

A. At December 31, 1998 there were options outstanding to purchase 1,624,730 Class B Restricted Voting Shares at exercise prices ranging from $11.82 to $40.22 per share. These options expire at various dates between 2004 and 2008.

B. During 1997, the Company completed the following capital stock transactions:

i. Purchased for cancellation in the open market 1,000,000 Class B Restricted Voting Shares at a total cost of $25,662,000. The difference between the carrying value of the Class B Restricted Voting Shares and the purchase price amounted to $24,809,000 and was recorded as an adjustment to the deficit account.

ii. 31,745 Class B Restricted Voting Shares were issued to the trustee of the Company's employee share purchase plan at a value of $584,000.

C. During 1996, the Company issued 1,043,171 warrants at a value of $32,500,000 as consideration for entering into a brand licence agreement (note 5). Each warrant entitles the holder, when exercised, to one Class B Restricted Voting Share of the Company. The warrants are exercisable at certain times during the term of the brand licence agreement and expire if not exercised by 2006.

D. RCI and one of its subsidiary companies own 100% of the Class A Multiple Voting Shares; the Class B Restricted Voting Shares are publicly held.

E. The articles of incorporation of the Company impose restrictions on the issuance or transfer of any shares of the Company where such issuance or transfer would, in the opinion of the Board of Directors of the Company, jeopardize the ability of the Company to obtain, renew or maintain licences relating to its business.

9. PROVISION FOR RESTRUCTURING AND ASSET WRITEDOWNS

In 1997, the Company developed and implemented a program to improve its competitive position, which included initiatives to reduce operating costs and improve subscriber retention. In addition, the Company completed its annual review of the carrying value of certain assets. As a result, the Company recorded a provision for restructuring and asset writedowns comprised of the following:

(In thousands of dollars)		
(a) Provision for restructuring	$	33,000
(b) Writedown of carrying value of fixed assets and goodwill		116,615
(c) Subscriber telephone charges		185,700
	$	335,315

A. The restructuring charge included amounts principally for employee severance and lease and other contract cancellation costs. The Company expects to complete the restructuring program by June 30, 1999, at which time the remainder of the provision, totalling $7,000,000, will be utilized.

B. As a result of increased competition in the wireless communications industry, the reduced technological life of certain fixed assets, and the need to rationalize certain facilities, the recoverability of the carrying value of certain assets from future cash flows is less certain than was previously the case. Therefore, in 1997 the Company wrote down the carrying value of certain fixed assets by $95,515,000 and goodwill relating to the paging business in the amount of $21,100,000.

In addition, to respond to these changed conditions, the Company reduced the estimated useful life for depreciation purposes of the switch equipment from 15 years straight-line to 10 years for hardware and 5 years for software, using the straight-line method. This change in estimated useful life was applied prospectively commencing January 1, 1998.

C. Until December 31, 1997, the Company was deferring certain subscriber telephone costs and amortizing these costs over the term of the subscriber contracts. As a result of trends in the wireless communications industry, the Company determined that the recovery in future periods of deferred subscriber telephone costs was less certain, and therefore it was more appropriate to expense subscriber telephone costs in the period in which they were incurred. Accordingly, the Company wrote off the balance of deferred subscriber telephone costs as at December 31, 1997 in the amount of $148,700,000. As at January 1, 1998, the Company expenses the costs of subscriber telephones as incurred.

In addition, the Company recorded a provision for the replacement of certain subscriber telephones in the amount of $37,000,000.

10. DIVISIONAL REVENUE

The Company provides cellular and paging services to subscribers in Canada. Revenue is also derived from the sale of paging and cellular equipment.

(In thousands of dollars)	1998	1997
Revenue derived from:		
Cellular services	$ 1,045,388	$ 1,030,254
Equipment sales	150,639	160,510
Paging and data services	46,898	50,565
	$ 1,242,925	$ 1,241,329

11. INCOME TAXES

Total income tax expense varies from the amounts that would be computed by applying the effective income tax rate to the loss before income taxes for the following reasons:

(In thousands of dollars)	1998	1997
Effective income tax rate	44%	44%
Income tax on the loss before income taxes	$ (32,571)	$ (164,700)
Increase results from:		
Losses, the tax effect of which has not been recorded	28,519	143,590
Non-deductible amortization and write-off of deferred foreign exchange	3,758	10,820
Other	294	10,290
Large corporations tax	4,529	4,116
Actual income tax expense	$ 4,529	$ 4,116

As at December 31, 1998, the Company has the following amounts available to reduce future years' income for income tax purposes, the tax effect of which has not been recorded in the accounts:

(In thousands of dollars)	
Year ending December 31:	
1999	$ 120,000
2000	77,400
2001	72,500
2002	70,900
2003	2,800
2004	235,700
2005	108,000
	687,300
Depreciation and other expenditures recorded for accounting purposes in excess of those claimed for income tax purposes	77,400
	$ 764,700

12. PENSIONS

The Company participates in a contributory defined benefit pension plan which covers substantially all of its employees. These plans provide pensions based on years of service, years of contribution and earnings.

Actuarial estimates prepared as at December 31, 1998, were based on projections of employees' compensation levels to the time of retirement and indicate that the present value of the accrued pension benefits and the net assets available to provide for these benefits, at market, are as follows:

(In thousands of dollars)		1998		1997
Pension fund assets	$	21,340	$	20,939
Accrued pension benefits		18,428		15,525

Pension expense for 1998 was $33,000 (1997 – $283,000).

13. RELATED PARTY TRANSACTIONS

A. The amount due to (from) parent and affiliated companies is comprised of the following:

(In thousands of dollars)		1998		1997
RCI	$	8,996	$	440
Rogers Cablesystems Limited ("Cablesystems")		1,158		148
Rogers Telecom Inc.		–		(353)
	$	10,154	$	235

The above amounts reflect short-term intercompany charges for capital and operating expenditures.

B. The Company has entered into certain transactions and agreements with RCI and its affiliates as follows:

I. Management Fees

The Company has entered into a management agreement under which RCI provides executive, administrative, financial and various additional services to the Company. Interest is charged by RCI on unpaid management fees. The management agreement is subject to termination by either party at the end of any calendar year on twelve months' notice.

II. Cost Sharing Arrangements

The Company has entered into agreements with Cablesystems to share, on a pro rata basis, the cost of certain microwave and fibre-optic transmission facilities. In addition, long-term service arrangements exist with Cablesystems for transmission services on fibre-optic facilities owned by Cablesystems.

In addition, the Company leases certain office space it owns to its parent and affiliated companies.

iii. Interest Exchange Agreements

The Company has entered into an agreement with RCI in respect of certain interest exchange agreements as described in note 6(h).

A summary of all significant charges from (to) related party transactions which have been accounted for at exchange amounts is as follows:

(In thousands of dollars)	1998	1997
RCI:		
Management fees	$ 9,520	$ 9,204
Interest on notes payable	14,749	7,750
Rent	(1,150)	–
Other charges, net	235	190
	23,354	17,144
Cablesystems:		
Transmission facilities purchased	290	328
Rent	(879)	–
Other charges	1,734	4,412
	1,145	4,740
	$ 24,499	$ 21,884

14. FINANCIAL INSTRUMENTS

A. Fair Values

The Company has determined the fair values of its financial instruments as follows:

i. Accounts receivable, amounts receivable from employees under RCI share purchase plans, miscellaneous notes and loans receivable from employees, due to/from parent and affiliated companies, bank advances, accounts payable and accrued liabilities, foreign exchange option agreements and foreign exchange forward contracts

The carrying amount in the consolidated balance sheets approximates fair value because of the short-term nature of these instruments.

ii. Long-Term Debt

The fair values of each of the Company's long-term debt instruments are based on the current trading values, where available.

iii. Notes Payable to RCI

The fair value of the subordinated, unsecured promissory notes approximates their carrying value due to the demand repayment terms of the notes.

iv. Interest Exchange Agreements

The fair values of the Company's cross-currency interest rate exchange agreements are based on values quoted by the counterparties to the agreements.

The estimated fair values of the Company's long-term debt and related derivatives as at December 31, 1998 and 1997 are as follows:

	1998		1997	
(In thousands of dollars)	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Long-term debt	$ 2,064,478	$ 2,147,036	$ 1,948,506	$ 2,024,815
Cross-currency interest rate exchange agreements	(114,120)	(195,711)	(83,866)	(129,363)
	$ 1,950,358	$ 1,951,325	$ 1,864,640	$ 1,895,452

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

B. Other Disclosures

i. The credit risk of the cross-currency interest rate exchange agreements arises from the possibility that the counterparties to the agreements may default under their obligations in instances where those agreements have a positive fair value to the Company. The Company assesses the creditworthiness of the counterparties in order to minimize the risk of counterparty default under the agreements. Currently, all of the portfolio is held by financial institutions with a Standard & Poor's rating (or the equivalent) of AA range.

ii. The Company does not require collateral or other security to support the credit risk associated with the cross-currency interest rate exchange agreements due to the Company's assessment of the creditworthiness of the counterparties.

iii. The Company does not have any significant concentrations of credit risk related to any financial asset.

15. COMMITMENTS

A. The Company is committed, under the terms of its licencing agreements, to spend 2% of certain revenues earned in each year on research and development activities as defined by Industry Canada.

B. The Company is committed, under the terms of its brand licence agreement with AT&T, to make minimum annual royalty payments based on certain revenues at varying rates, with a minimum of $5,000,000 per year.

C. The future minimum lease payments under operating leases for the rental of premises, distribution facilities, equipment and microwave towers as at December 31, 1998, are as follows:

(In thousands of dollars)	
Year ending December 31:	
1999	$ 26,714
2000	15,455
2001	12,877
2002	11,632
2003	11,408
2004 and subsequent years	23,073
	$ 101,159

Rent expense for 1998 amounted to $34,417,000 (1997 – $33,168,000).

D. The Company is committed to purchase US$16,179,000 from an affiliated company in April 1999 at an average exchange rate of $1.5412, for a total of $24,936,000.

16. CONTINGENT LIABILITIES

A. The Company has been named as a co-defendant in a $62,000,000 lawsuit brought on by a distributor of electronic equipment, alleging the defendants pursued predatory pricing policies in contravention of competition legislation. Management is defending this claim and believes it is without merit.

There exist certain other legal actions against the Company, none of which is expected to have a material adverse effect on the consolidated financial position of the Company.

B. The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to present something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which would affect the Company's ability to conduct normal business operations. The Company has developed and is implementing a process involving a phased approach designed to mitigate the expected effects of the Year 2000 Issue on the Company. The phases of the plan, which address the Year 2000 readiness of the Company's computer systems, and of third parties, such as customers, suppliers and others, include inventory assessment, triage, repair, testing and implementation. As at December 31, 1998, the Company has commenced all phases of the plan, which are intended to modify, retire or replace computer systems identified to date which are not Year 2000 ready. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Company, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

17. CANADIAN AND UNITED STATES ACCOUNTING POLICY DIFFERENCES

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied in Canada. In certain respects, GAAP as applied in the United States differs from that applied in Canada.

If United States GAAP were employed, the loss for the year would be adjusted as follows:

(In thousands of dollars)	1998	1997
Loss for the year based on Canadian GAAP	$ (78,555)	$ (378,434)
Amortization of goodwill (b)	(19,269)	(19,269)
Foreign exchange (e)	(80,349)	(36,887)
Loss on early repayment of long-term debt (f)	–	18,424
Depreciation expense (g)	(818)	(408)
Year 2000 costs capitalized (h)	(9,601)	–
Development costs capitalized (d)	–	4,087
Loss for the year based on United States GAAP	$ (188,592)	$ (412,487)
Weighted average loss per share under United States GAAP:		
Before extraordinary items (f)	$ (2.03)	$ (4.29)
After extraordinary items	(2.03)	(4.42)

Condensed consolidated balance sheets prepared in accordance with United States GAAP are as follows:

December 31, 1998 (In thousands of dollars)	Canadian GAAP	Adjustments	United States GAAP
Assets:			
Fixed assets	$ 1,643,881	$ 6,137 (c)	$ 1,634,783
		(1,673) (d)	
		(3,961) (g)	
		(9,601) (h)	
Goodwill	–	770,757 (a)	579,674
		(191,083) (b)	
Other assets	379,932	505 (d)	259,587
		(120,850) (e)	
	$ 2,023,813		$ 2,474,044
Liabilities	$ 2,646,742	$ –	$ 2,646,742
Shareholders' deficiency	(622,929)	770,757 (a)	(172,698)
		(191,083) (b)	
		6,137 (c)	
		(1,168) (d)	
		(120,850) (e)	
		(3,961) (g)	
		(9,601) (h)	
	$ 2,023,813		$ 2,474,044

December 31, 1997 (In thousands of dollars)	Canadian GAAP	Adjustments	United States GAAP
Assets:			
Fixed assets	$ 1,601,461	$ 6,137 (c)	$ 1,602,782
		(1,673) (d)	
		(3,143) (g)	
Goodwill	–	770,757 (a)	598,943
		(171,814) (b)	
Other assets	354,665	505 (d)	314,669
		(40,501) (e)	
	$ 1,956,126		$ 2,516,394
Liabilities	$ 2,500,500	$ –	$ 2,500,500
Shareholders' equity (deficiency)	(544,374)	770,757 (a)	15,894
		(171,814) (b)	
		6,137 (c)	
		(1,168) (d)	
		(40,501) (e)	
		(3,143) (g)	
	$ 1,956,126		$ 2,516,394

The areas of material difference between Canadian and United States GAAP and their impact on the consolidated financial statements are described below:

A. "Push-Down" Accounting

Under United States GAAP, purchase transactions that result in an entity becoming a wholly owned subsidiary establish a new basis of accounting for the entity purchased and its assets and liabilities. As a result of RCI's acquisition of 100% of the Company in 1989, the Company must record as an asset in its consolidated financial statements the amount of goodwill that was recorded on the consolidated financial statements of RCI. As this acquisition was financed principally by the parent company with proceeds from other asset sales, the corresponding adjustment for the assets recorded was an increase in shareholders' equity.

At the time of the acquisition by RCI, Canadian GAAP did not permit a subsidiary company to alter the historical costs of its assets or liabilities upon it being acquired.

B. Amortization of Goodwill

As a result of the "push-down" accounting described in (a) above, the Company is required under United States GAAP to amortize the amount recorded as goodwill. The Company is amortizing this amount under United States GAAP over 40 years on a straight-line basis.

C. Interest Capitalization

Prior to 1991, the Company did not capitalize interest as a cost of assets under construction. United States GAAP requires capitalization of interest costs as a part of the historical cost of acquiring certain qualifying assets which require a period of time to prepare for their intended use. Interest is capitalized only during the period the assets are under construction.

D. Development Costs

Canadian GAAP permits the capitalization of certain internal costs related to the development of new businesses. Under United States GAAP, such development costs would be charged to expense as incurred.

E. Foreign Exchange

United States GAAP requires that gains and losses on foreign exchange resulting from the translation of long-term debt denominated in United States dollars be charged to income and expense when incurred. Canadian GAAP requires the amortization of foreign exchange gains or losses over the remaining life of the long-term debt.

F. Loss on Early Repayment of Long-Term Debt

In 1997, under United States GAAP, the loss on early repayment of long-term debt would be reduced by the write-off of deferred foreign exchange in the amount of $18,424,000. In addition, the loss would be classified as an extraordinary item for United States GAAP purposes.

G. Depreciation Expense

As a result of the capitalization of interest to fixed assets required under United States GAAP described in (c) above, under United States GAAP, additional depreciation on the interest capitalized will be recorded in later periods.

H. Year 2000 Costs Capitalized

Under Canadian GAAP, the Company is capitalizing the costs incurred to modify its computer systems to ensure these systems continue to operate beyond the year 2000. Under United States GAAP, certain of these costs are expensed as incurred.

I. Operating Income before Depreciation and Amortization

United States GAAP requires that depreciation and amortization and the provision for restructuring and asset writedowns be included in the determination of operating income and does not permit the disclosure of a subtotal of the amount of operating income before these items. Canadian GAAP permits the disclosure of a subtotal of the amount of operating income before the items referred to above.

J. Income Taxes

United States GAAP requires that deferred income taxes be accounted for under the liability method, whereas Canadian GAAP requires the use of the deferral method. The difference between these two methods does not have a material effect on the amount of deferred income taxes recorded in the consolidated financial statements.

The Company has incurred losses for income tax purposes in the amount of approximately $764,700,000 at December 31, 1998, which, if they had been accounted for, would give rise to a deferred income tax asset of approximately $336,468,000. United States GAAP requires that in order to record this deferred income tax asset, the realization of these timing differences must be more likely than not. The Company is not certain whether realization is more likely than not and therefore has recorded a valuation allowance against this deferred income tax asset. Under Canadian GAAP, the Company must be virtually certain of the realization of these timing differences in order to record the deferred income tax asset. This condition of virtual certainty does not exist and therefore the deferred income tax asset has not been recorded under Canadian GAAP.

K. Stock-Based Compensation

The Company measures compensation expense relating to employee stock option plans for United States GAAP purposes using the intrinsic value method specified by APB Opinion No. 25 which in the Company's circumstances would not be materially different from compensation expense as determined under Canadian GAAP.

L. Statement of Changes in Financial Position

United States GAAP requires additional disclosures with respect to the consolidated statement of changes in financial position as follows:

i. Canadian GAAP permits the disclosure of a subtotal of the amount of funds provided by operations before changes in non-cash working capital items in the consolidated statements of changes in financial position. United States GAAP does not permit this subtotal to be included.

ii. United States GAAP requires that the amount of interest and taxes paid during each fiscal year be disclosed. There is no requirement to disclose this information under Canadian GAAP. The amounts of interest and taxes paid during 1998 amounted to $184,503,000 and $14,049,000, respectively (1997 – $136,692,000 and $14,604,000, respectively).

iii. Canadian GAAP permits operating bank loans and bank advances to be included in the determination of cash or cash equivalents in the consolidated statements of changes in financial position. United States GAAP requires that operating bank loans and bank advances be reported as financing cash flows. As a result, under United States GAAP, the operating bank loans and bank advances at the beginning and at the end of the year as reflected in the consolidated statements of changes in financial position would be reported as cash flows under the heading "Financing" in the statement. Under United States GAAP, the cash provided by financing activities for 1998 would be decreased by $8,802,000 and would be increased by $1,400,000 for 1997.

M. Statement of Comprehensive Income

United States GAAP requires the disclosure of a Statement of Comprehensive Income. Comprehensive income generally encompasses all changes in shareholders' equity except for capital transactions with shareholders. The loss for the year under United States GAAP as reported is the same as the comprehensive loss for the year under United States GAAP.

N. Recent Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") in the United States has issued pronouncements entitled "Reporting Comprehensive Income", "Disclosures About Segments of an Enterprise and Related Information" and "Employers' Disclosures About Pensions and Other Postretirement Benefits", all of which are effective for the year ended December 31, 1998. The adoption of these pronouncements in 1998 has not resulted in a material effect on these consolidated financial statements.

The FASB has also issued a pronouncement entitled "Accounting for Derivative Instruments and Hedging Activities" which the Company is required to adopt in the year ending December 31, 2000. The Company has not determined the impact of this pronouncement on its consolidated financial statements.

The American Institute of Certified Public Accountants has issued Statements of Position entitled "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" and "Reporting the Costs of Start-up Activities", which the Company is required to adopt in the year ending December 31, 1999. The Company does not expect that the adoption of these pronouncements will have a material impact on these consolidated financial statements.

For more than 13 years, Rogers Cantel has made significant contributions to our nation's economic and social well-being as Canada's largest wireless telecommunications provider. So many of Canadians' daily activities involve communicating and interacting with others around the world. In every region of the country, Canadians have come to rely on Rogers Cantel's efficient, state-of-the-art communications network to bring us together. We are proud to continue our commitment to this.

Our mission is to improve people's lives by providing quality wireless communications services. Rogers Cantel recognizes that a business does not operate in a vacuum – instead, it must be an active member of the larger community it serves. Consequently, we are committed to giving back to our various stakeholders. Through serving our customers, employees, financial stakeholders, and communities, Rogers Cantel seeks not only to meet, but to exceed community expectations and maintain its status as a trusted corporate entity.

For Our Customers

- We offer simplicity, clarity, ease, and convenience to our customers throughout the course of their entire lifecycle, capitalizing on our exclusive 24-hour nationally available customer service capability.
- We offer a comprehensive product portfolio that includes messaging, wireless data, the largest digital network in Canada and synergies with the products and services of our Rogers Communications sister companies.

For Our Employees

- We offer an exciting and stimulating work environment and roles as full participants in and beneficiaries of Rogers Cantel's drive toward success.
- We remain committed to providing an open work environment that welcomes diversity and fully endorses equity in the workplace.

For Our Financial Stakeholders

- We are committed to enhancing the value of their investment in us through the continuous improvement of a sound organization that has the vision, the infrastructure and the people required to excel in the Canadian wireless industry.
- We are committed to timely, equal and complete disclosure of any information that could materially effect the value of their investment in us.

For Our Communities Across Canada

Rogers Cantel is dedicated to being a conscientious corporate citizen by understanding the diverse needs of the communities it serves and by providing ongoing support to these communities. The following outlines a number of the sponsorship initiatives Rogers Cantel has undertaken in 1998:

- In conjunction with the Rogers Group of Companies, Rogers Cantel supports the United Way with corporate donations and tremendous employee involvement in fundraising campaigns and activities across the country, in nearly every community it does business.
- In early 1998, Rogers Cantel, working with Ericsson Communications Inc. and the Ontario Government, launched an innovative program called *SupportLink*. Through *SupportLink* we provided up to 300 wireless phones to victims in Ottawa, Ontario and Barrie, Ontario who are identified as being at high risk of domestic violence, sexual assault or stalking. The phones, provided with one-button access to 9-1-1, are programmed to make emergency calls only.
- Rogers Cantel's Atlantic region actively supports a number of philanthropic organizations including *The Neptune Theatre*, *Children's Wish Foundation*, *Big Brothers* and *Sisters* and *the Kids Help Line*.

- In Quebec, Rogers Cantel continues to support *The Mira Foundation*, an organization which trains dogs for the visually impaired, as well as the *Jean Lapointe Foundation*, the *Trois Rivières Grand Prix* and the *Fidéides in Sainte Foy*.
- In December 1997, Rogers Cantel's Ontario Region donated Digital PCS phones and airtime packages to *Second Harvest*. This organization collects and distributes more than 1.3 million pounds of perishable food to more than 80 community-based organizations in the Greater Toronto Area every year.
- For the third consecutive year, the Ontario Region supported the Children's Hospital Foundation and raised more than $25,000 in support of the *Hospital for Sick Children* in Toronto, the *Children's Hospital of Eastern Ontario* (CHEO) in Ottawa, *The Chedoke-McMaster Hospital* in Hamilton and *The Children's Hospital of South Western Ontario* in London. The Ontario Region also sponsored both the *Ontario Games for the Physically Disabled* and the *1998 Special Olympics* and provided phones and airtime to Special Olympics event organizers.
- The Mid-West office supported the *Variety Club* and *Child Find Manitoba* and supplied phones and airtime to the *RCMP Run for Cancer*.
- Rogers Cantel in Alberta provided support to the *Children's Wish Foundation* and the *Banff Television Festival*. In addition, the Alberta office continued to work in cooperation with the *Cross Cancer Institute* in Edmonton. This brought the accumulative fundraising total to approximately $500,000 for this program since its inception in 1989.
- The office in British Columbia assisted several local charitable organizations such as *Street Fair*, *Kids HelpLine Foundations* and *Kelowna Cancer Clinic*. Rogers Cantel donated $17,000 to the *CKNW Orphans' Fund*, which supports a variety of children's charities and provided 150 teddy bears to the *B.C. Children's Hospital* and the *Sunnyhill Hospital*.

Aside from participating in the above mentioned community activities, Rogers Cantel and its employees have rallied to support communities affected by natural and man-made disasters. In January 1998, Quebec and Eastern Canada were hit with the worst ice storm of this century – and Rogers Cantel's employees responded with immediate assistance.

In Montreal and Ottawa, employees worked to keep the network operational around the clock for customers and emergency crews in those affected communities. Hundreds of phones and pagers were distributed to various shelters, the Red Cross, government offices, Hydro Quebec and Ontario Hydro, and the Canadian military to ensure these groups functioned more effectively in their efforts to revive the affected areas. As well, Rogers Cantel provided free long-distance to storm victims in the Montreal and Ottawa areas so that they were able to stay in touch with family and friends.

On September 2, 1998, Swissair Flight 111 crashed off the shores of Peggy's Cove, Nova Scotia. In the wake of this disaster, Rogers Cantel employees were, again, quick to respond in aiding rescue efforts.

With the arrival of investigators, emergency officials, technicians, and victims' family members, there was an immediate need to expand the capacity of the communications infrastructure in the area. Rogers Cantel crews worked around the clock to meet this need.

Network crews opened additional channels at existing sites and set up a temporary cell site at Peggy's Cove itself. Rogers Cantel employees worked closely with other carriers to provide co-location sites, shared power and additional channel capacity – succeeded in tripling the communications capacity of the network in the Peggy's Cove and Halifax airport areas.

It is these extreme circumstances that test the strength and commitment to a community, at all levels. We salute and give special thanks to our employees who, by their persevering efforts, help us, at Rogers Cantel, keep this commitment.

The Board of Directors of the Company (the "Board") believes that sound corporate governance practices ("Corporate Governance Practices") are important to the proper functioning of the Company and the enhancement of the interests of its shareholders and that these practices should be reviewed regularly to ensure that they are appropriate. A description of the Company's Corporate Governance Practices is set out below. This statement of Corporate Governance Practices was prepared by the Nominating and Corporate Governance Committee of the Board and approved by the Board.

The bylaws of The Toronto Stock Exchange and a policy statement of the Montreal Exchange require that this statement of Corporate Governance Practices relates the Corporate Governance Practices of the Board to the "Guidelines for Improved Corporate Governance" contained in the December 1994 report of The Toronto Stock Exchange Committee on Corporate Governance in Canada (the "TSE Report"). The headings which appear below address the principal matters relating to the Company's Corporate Governance Practices in the context of the Guidelines in the TSE Report.

In this statement, the term "unrelated director" has the meaning given to it in the TSE Report – a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interest of the Company, other than interests arising from shareholding. The term "related director" means a director who is not an unrelated director.

For the purposes of the TSE Report, a director is classified as "related" or "unrelated" for all purposes, irrespective of the particular matter before the Board and the nature of the relationship of the director to the Company.

Mandate of the Board

The Board has explicitly assumed responsibility for the stewardship of the Company including the matters specifically referred to in the TSE Report. The Board discharges its responsibilities either directly or through its committees. There were five Board meetings held during 1998. Five meetings of the Board are currently scheduled for 1999. In addition, it is planned that during one of these meetings, the Board is to meet without members of management being present.

Frequency of Board meetings as well as the nature of agenda items may change depending on developments in the Company's affairs.

Composition of the Board

During 1998, the Board was composed of 16 members, of whom only two were members of the Company's management. The Board believes 12 directors were unrelated directors and the remainder (including the two directors who were members of management) are related directors, within the definitions in the TSE Report. Accordingly, the Board is constituted with a majority of individuals who qualify as unrelated directors, within the meaning of the TSE Report. In deciding whether a particular director is a related director or an unrelated director, the Board examined the factual circumstances of each director's relationship to management and the Company and considered them in the context of many factors, including the broad definitions in the TSE Report.

Reflection of Interests of Shareholders in Board Composition

The Company is controlled by Rogers Communications Inc. ("RCI"), a public corporation, which, directly or indirectly, owns shares representing approximately 97.68% of the votes attached to all voting shares of the Company and approximately 80% of the total outstanding number of equity shares of the Company and is a "significant shareholder" within the meaning of that term in the TSE Report. RCI is controlled by Mr. Edward S. Rogers, O.C., the President and Chief Executive Officer of RCI and the Chairman of the Board of the Company, who, directly or indirectly, owns approximately 90.89% of the voting shares and approximately 35.92% of the total outstanding number of common shares of RCI. Loretta A. Rogers, an unrelated director of RCI and of the Company, is the wife of Mr. Rogers.

The Board believes that six of the 12 unrelated directors (or 50% of the total number of directors) do not have any interests in or relationships with either the Company or the significant shareholder or any of its affiliates. Three of these unrelated directors are elected by holders of the Class B Restricted Voting Shares, voting separately as a class. RCI does not vote any Class B Restricted Voting Shares owned by it for or against the election of such three directors.

The Board considers that the current composition of the Board is appropriate given the structure and ownership of the Company's share capital and that the six directors unrelated to the Company and the significant shareholder ensure that the views of shareholders other than the significant shareholder are brought to the Board. The Board also believes that the composition of the full Board that includes 14 directors who are not part of the management of the Company and the other Corporate Governance Practices that the directors have adopted also serve this purpose. Such practices include the establishment of the Nominating and Corporate Governance Committee and the other committees of the Board and their respective mandates.

The Board also considers that it is not in the best interest of the shareholders of the Company either to increase the size of the Board or, alternatively, to reduce the number of the directors who are related to the significant shareholder or its affiliates. The Board is of the opinion that all of the directors on the Board carry out their duties objectively with a view to the best interest of the Company as a whole and make a valuable contribution to the Board and the Company for the benefit of all the shareholders, including shareholders other than the significant shareholder.

Independence from Management

Mr. Charles E. Hoffman is the Chief Executive Officer of the Company and serves as a director. Mr. Edward S. Rogers, O.C., is the Chairman of the Board of the Company and has the responsibility to ensure that the Board discharges its responsibilities. It is the responsibility of the Chairman to oversee the preparation of the agenda for each Board meeting and to ensure that an extensive information package is sent to each director in advance of the meeting.

Board Committees

The Board has four committees: the Audit Committee, the Management Compensation Committee, the Executive Committee and the Nominating and Corporate Governance Committee. From time to time special purpose committees of the Board are appointed to deal with particular matters. In the past, special committees of the Board composed entirely of directors who are unrelated to the Company, to the significant shareholder and to Mr. Edward S. Rogers, O.C., have been appointed to consider and, if thought fit, to approve material transactions and transactions out of the ordinary course of business between the Company and affiliates of the Company.

Audit Committee

The Audit Committee is composed of unrelated directors and does not include any member of management. The committee is responsible for approving the Company's interim unaudited financial statements and reviewing the Company's financial reporting procedures, internal controls and information systems and the performance of the Company's external auditors. The committee is also responsible for reviewing and recommending for approval the annual financial statements prior to their approval by the full Board. During 1997 and 1998, the Audit Committee also supervised and monitored the Company's processes to deal with Year 2000 computer and software issues. The Audit Committee met four times in 1998. Mr. Morrissette is the Chairman of the Audit Committee. Its members were Messrs. Morrissette, Emerson, Peterson, Ricketts and Smith.

Management Compensation Committee

The Management Compensation Committee is composed of unrelated directors. The committee approves, amongst other things, the compensation of senior executives and other executives above specified remuneration levels. The committee also reviews the Company's succession plans for its senior executives. The committee met three times in 1998. Its members were Messrs. Roberts, Emerson and Smith. Mr. Roberts is the Chairman of the Management Compensation Committee.

Executive Committee

The Executive Committee is composed of a majority of related directors. The Executive Committee has delegated to it all of the powers that may be delegated to an Executive Committee under the Company's incorporating statute, being the Canada Business Corporations Act. During 1998, its members were Messrs. Emerson, Hoffman and Rogers. Neither the Company's Executive Committee nor the Executive Committee of its subsidiary, Rogers Cantel Inc., met in 1998. Mr. Rogers is the Chairman of the Executive Committee.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is composed of a majority of unrelated directors. It is responsible for making recommendations to the full Board with respect to developments in the area of corporate governance and the practices of the Board. The committee is also responsible for reporting to the Board with respect to appropriate candidates for nomination for election to the Board, for providing an orientation programme for new directors and for evaluating the performance of the Board as a whole, its committees and the contribution of each individual director. Its members were Messrs. Emerson, Fierheller and Rogers. The Committee met twice in 1998. Mr. Emerson is the Chairman of the Nominating and Corporate Governance Committee.

Decisions Requiring Board Approval

In addition to those matters which must by law be approved by the Board, management is also required to seek Board approval for any unbudgeted expenditure in excess of $5 million. Management is also required to obtain Board approval before entering into any major strategic initiative or any venture which is outside the Company's existing businesses.

Board Performance

As noted earlier, the Nominating and Corporate Governance Committee has the mandate to recommend to the Board nominees for election as Board directors and for evaluating the performance of the Board as a whole, its committees and the contributions of each director.

It is the responsibility of the Chairman of the Board to ensure the effective operation of the Board in fulfilling its mandate including its duties and objectives.

Shareholder Feedback

RCI maintains an Investor Relations department and this department provides investor relations services to the Company which the Board believes are important and highly effective. Every shareholder inquiry receives a prompt response from the Investor Relations department or an appropriate officer of the Company.

Board's Expectations of Management

The quality and completeness of information which management provides to the Board is critical to the proper functioning of the Board. Directors must have confidence in the data gathering, analysis and reporting functions of management. The Chairman of the Board and the Nominating and Corporate Governance Committee of the Board monitor the nature of the information requested by and provided to the Board by management so that it is able to determine if the Board can be more effective in identifying problems and opportunities for the Company.

Periodically, the Board meets without the presence of directors and officers who are members of management of the Company.

The Chief Executive Officer has provided a detailed job description for the office of the Chief Executive which specifically outlines his responsibilities. This job description has been approved by the Management Compensation Committee. The Chief Executive Officer's written objectives for the current year have been reviewed and approved by the Management Compensation Committee.

DIRECTORS

H. Garfield Emerson, Q.C.[1,2,3,4]
President and
Chief Executive Officer
N M Rothschild and Sons
Canada Limited

George A. Fierheller[4]
Four Halls Inc.

Albert Gnat, Q.C.
Senior Partner
Lang Michener

James C. Grant
President
C.G. James & Associates

Charles E. Hoffman[2]
President and
Chief Executive Officer
Rogers Cantel Mobile
Communications Inc.

Thomas I. Hull[2,3]
Chairman and
Chief Executive Officer
The Hull Group Inc.

Nicolas Kauser
Company Director

Robert W. Korthals
Company Director

Pierre L. Morrissette[1]
President and
Chief Executive Officer
Pelmorex Inc.

The Hon. David R. Peterson, P.C., Q.C.[1]
Senior Partner
Cassels Brock & Blackwell

John F. Ricketts, C.A.[1]
Company Director

Richard D. Roberts[3]
President
The Barnacle Group

Edward S. Rogers, O.C.[2,4]
President and
Chief Executive Officer
Rogers Communications Inc.

Loretta A. Rogers
Company Director

Robert Smith[1,3]
President
Newmark Capital Limited

W. David Wilson
Chairman and
Chief Executive Officer
Scotia Capital Markets
and ScotiaMcLeod Inc.

[1] Member of the Audit Committee
[2] Member of the Executive Committee
[3] Member of the Management Compensation Committee
[4] Member of the Nominating and Corporate Governance Committee

OFFICERS

Edward S. Rogers, O.C.
Chairman

Charles E. Hoffman
President and
Chief Executive Officer

H. Garfield Emerson, Q.C.
Vice Chairman

George A. Fierheller
Honorary Chairman

Patrick J. Bennett
Executive Vice President,
Sales and Operations

Robert F. Berner
Senior Vice President and
Chief Technology Officer

Dekkers L. Davidson
President, Ontario

William G. Gibson
President, Western Canada

The Hon. Francis Fox, P.C., Q.C.
President, Quebec and
Eastern Canada

Jeffery C. Locke
Senior Vice President, Marketing

John D. Maduri, C.A.
Executive Vice President,
Finance and Planning and
Chief Financial Officer

Graeme H. McPhail
Vice President,
Associate General Counsel

Paul W. Nelson
Vice President,
Information Technology and
Chief Information Officer

ROGERS CANTEL OFFICES

Montreal – Head Office

Place de la Cathédrale
600, boul. de Maisonneuve ouest
34e étage
Montréal (QC) H3A 3J2
(514) 340-7400

Toronto – Executive Office

One Mount Pleasant Road
Toronto, ON M4Y 2Y5
(416) 935-1100

Halifax

905–6080 Young Street
Halifax, NS B3K 5L2
(902) 453-1400

Vancouver

Rogers Cantel Tower
1600–4710 Kingsway
Burnaby, BC V5H 4M5
(604) 431-1400

Calgary

340–6815 8th Street N.E., #340
Calgary, AB T2E 7H7
(403) 730-2600

Winnipeg

1600–330 Portage Avenue
Winnipeg, MB R3C 0C4
(204) 942-1400

ANNUAL GENERAL MEETING

The Annual General Meeting of Rogers Cantel Mobile Communications Inc. will be held at 10:30 A.M. (Toronto time) Wednesday, April 21, 1999
333 Bloor Street East (6th floor)
Toronto, Ontario M4W 1G9

AGENT BANK

The Bank of Nova Scotia

AUDITORS

KPMG LLP

COMMON SHARES

The Class B Restricted Voting Shares are traded on the Toronto, Montreal, Alberta and Vancouver stock exchanges and through the New York Stock Exchange. In Canada, RCM.B; NYSE, RCN: CUSIP # 775102205.

TRANSFER AGENT:

Montreal Trust Company of Canada (416) 981-9633 or 1-800-663-9097 and The Bank of Nova Scotia Trust Company of New York (212) 225-5427

ROGERS CANTEL INC. BONDS

Senior Secured Notes due 2006
CUSIP # 775101 AA6
Trustees & Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Secured Notes due 2007
CUSIP # 775101 AG3
Trustees & Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Secured Debentures due 2008
CUSIP # 775101 AB4
Trustees & Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Secured Debentures due 2016
CUSIP # 775101 AC2
Trustees & Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

Senior Subordinated Notes due 2007
CUSIP # 775101 AH1
Trustees & Transfer Agents:
The Chase Manhattan Bank
1-800-648-8380
CIBC Mellon Trust Company
1-800-387-0825

FOR FURTHER INFORMATION

Institutional investors, security analysts and others who want financial information about Rogers Cantel should write, call or fax:

David A. Robinson
Vice President,
Financial Planning and
Investor Relations
Rogers Communications Inc.
333 Bloor Street East, 10th floor
Toronto, ON M4W 1G9
(416) 935-3550
Fax: (416) 935-3597

On pourra se procurer le texte français de ce rapport annuel en communiquant avec David A. Robinson en téléphonant au (416) 935-3550

For all media inquiries, please contact Heather Armstrong, Director, Corporate Communications at (416) 935-6379.

Strategic Design Consultants: Tudhope Associates Inc. Photography: Tom Feiler


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